

CURRENT HISTORY

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What Japan Wants

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MORE than one observer of events in the Far East has declared that Japan is a war-crazed nation ruled by a military caste like that of pre-war Prussia. We have been told also that a conflict in the Pacific area is inevitable because of the Japanese temper, and that the Island Empire represents at present the greatest menace to the peace of the world. A dispassionate review of the factors involved, however, leads to another conclusion. Japan does not want war. She wants only security and the opportunity to trade peacefully throughout the world.

Japan is woefully deficient in food-stuffs for her population, which grows at the rate of 1,000,000 a year, and in raw materials for her industry. In order to survive at all, Japan must trade. Hers is not a surplus economy, and she is not forced to take out of

production vast areas of wheat and cotton. Only 17 per cent of the islands, whose total area is no larger than California, can be cultivated, and all this land must be used to grow rice and vegetables to keep the people from starving. Only a little raw cotton can be grown in Chosen (Korea)—not enough to supply the local demand. Japan has to import all her raw cotton, aluminum, wool and rubber, and almost all her lead, zinc, iron ore, petroleum, tin, oil seeds and hemp. In addition, she must import 10 per cent of her rice.

The all-important question to Japan is how to utilize her vast labor resources in the fabrication of products and how to sell these products abroad to obtain the foreign exchange with which to pay for the essential imports. No country in this position wants war. War destroys commerce. It creates hatreds and antipathies that dry up the roots of international goodwill upon which commerce thrives.

A war with Russia, therefore, un-

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less it were forced upon Japan, seems unlikely, although if Japan really wanted to fight with her great rival she would have no difficulty in picking a quarrel.

There is, for instance, the ever-present fisheries dispute. Because the yen has depreciated since the agreement was made by which Japanese fishermen pay so many yen per ton to take their boats into the territorial waters of the Siberian Maritime Provinces, Russia is seeking to raise these charges. Japan objects and the matter remains a question which must be settled shortly.

This matter has been disputed many times before; but as Japan has a market for the fish and Russia has not, Japan usually wins her point. She is the buyer, and the fish are being offered, so to speak, in a buyers' market. If Japanese fishermen did not take them, they would remain in the sea and Russia would get no revenue whatsoever. But even were she prevented from sending her boats into Russian waters, because of the prohibitive fees, Japan would hardly go to war about it. The whole value of the catch would not pay for a week of warfare.

There has been Russo-Japanese friction, moreover, over the Chinese Eastern Railroad. With the construction of new lines from Seishin on the Chosen coast to Manchuli on the Siberian border, the Chinese Eastern Railroad has been rendered of little commercial value and the Russians are willing to sell it to Manchukuo for 200,000,000 yen. When asked who will assume the bonded indebtedness held by the Russo-Asiatic Bank, which lent the money to the Czar to build the road in 1896, the Soviet officials shrug their shoulders. They have repudiated all Czarist debts. Yet if Manchukuo should pay Soviet Russia the full

amount asked, the French and White Russian bondholders would look to Manchukuo for payment of the bonded indebtedness. Manchukuo has offered Russia about 40,000,000 yen for the railroad on the assumption that she would be liable for the repudiated debt were the case brought to court. Thus the matter stands.

Under the agreement made in 1928 with Chang Tso-lin, the one-time War Lord of Manchuria, a Russian general manager still runs the Chinese Eastern Railroad, and so long as he behaves himself and does not engage in subversive activities the Japanese probably will not disturb him. Both parties, however, would be more comfortable were this troublesome question disposed of, and until it is settled Japan has refused to sign the non-aggression pact that Russia has proposed. Japan argues that she cannot truthfully assume that there are no outstanding questions between the two countries as long as the Chinese Eastern Railroad remains a possible cause of friction.

Japan wants to trade peacefully with China. She wants to exchange her manufactured goods for China's raw materials and foodstuffs without having boycotts launched against her. Japan realizes that political domination is not necessary to her peaceful trade with China, and that all she needs is the removal of the disturbing influences that have led peaceful Chinese merchants to refuse to carry Japanese goods, even though there was a demand for them. These influences in the past could be pretty generally traced to the door of Soviet Russia. If Japan finds that in certain parts of China she cannot carry on this trade which is so vital to her survival without taking over political control in one form or another, she will not hesitate to take such steps as are necessary.

The trade of China means more to Japan than the good-will of most European countries and even more than the silk trade with the United States, for the farmers who raise the silk can exist otherwise, but the factory workers who get their raw materials from China and sell their finished products there would—one out of every twenty of them, at least—be deprived of their livelihood. These industrial workers, together with the capitalists who own the factories, are behind the present movement in Japan which has retired General Araki and placed the widely-traveled Mr. Hirota in charge of Japan's foreign policy. That policy is now to conciliate the United States and avoid a conflict with Soviet Russia, and to placate China by carrying out something of Theodore Roosevelt's policy of "speaking softly but wielding a big stick."

Japan realizes that to control all China politically is a well-nigh impossible task. It would mean stationing troops in every province and hsien, garrisoning every city and controlling every trade route. It would not be worth the effort if it were possible, for most of China is an economic liability. Japan cannot sell to China more than she is able to buy from China, and the Chinese are greatly handicapped in many places not only in production but also in transportation of their products to market. In that part of China below the Yangtse, now dominated by the Red armies, production of agricultural crops has steadily decreased with the increase in unoccupied land. The "have nots" have driven out the "have got," and so upset the economics of many provinces that all vestiges of mobile capital have disappeared. The machinery of production and distribution has become paralyzed and trade has fallen to the lowest figures since the Taiping Rebellion.

Half of Japan's trade with China in the past was with the three Eastern provinces comprising Manchuria before 1932 and now incorporated into Manchukuo. Here Japan finds conditions improving for the first time in many years. The currency, which Chang Hsiao-liang, who succeeded his father, Chang Tso-lin, as War Lord of Manchuria, had steadily depreciated in order to buy the farmers' crops with paper money and sell them at enormous profit to the Japanese in gold yen, has now been stabilized. This has removed the risk of fluctuation which still handicaps Japan's trade with China proper. The rise in the price of silver as a commodity, which is due to the action of the United States Government in its efforts to relieve the silver mining industry in the West, while theoretically giving China more purchasing power in gold currencies, has actually militated against her ability to buy by limiting her ability to sell her products to these same gold-currency countries.

This has already adversely affected commerce between gold-using Manchukuo and silver-using China proper. Three years ago China imported 50 per cent more from Manchuria than it exported to Manchuria, the balance being taken care of by the remittances which emigrant Chinese sent home to their families in China proper. With this money China imported large amounts of Manchurian wheat, kaoliang and millet. Today these same Chinese emigrants in Manchukuo find that with silver rising, their purchase of Chinese dollars with a given amount of gold Manchukuo currency is cut about 50 per cent. Therefore, China has just that much less to spend for Manchukuo products and more of these products are being sold to Japan and other gold-currency countries.

It is true that the Chinese, given fairly stable government anywhere, never fail to prosper. Manchukuo is no exception. There are only 250,000 Japanese in Manchukuo and over 30,000,000 Chinese, many of whom are now living under a stable government for the first time in their lives. Their crops are not confiscated by depreciated currency; they are no longer forced to grow opium in order to meet exorbitant taxation; their property is comparatively free from the raiding bandits. Roads are being built by the Japanese in all directions and railroads are being constructed to lower transportation costs, which were always borne by the struggling Chinese farmers in the past. All in all, the people of Manchukuo are better off today than they have ever been before.

As these 30,000,000 people grow more prosperous, the opportunities for profitable trade in goods, other than those being supplied by Japan, must grow. Already Germany, realizing the trade possibilities, has made overtures looking toward recognition of Manchukuo, and France has sent unofficial representatives who have obtained gold-mining and other profitable concessions. Perhaps, under these circumstances, it will not be long before American exporters will realize that non-recognition of a rich country that has a favorable trade balance of \$70,000,000 a year to spend on development activities is not a very farsighted policy after all.

There has been much talk of Japan's closing the Open Door in Manchukuo. If Japan is getting the lion's share of Manchukuo's business today it is because Japan takes most of Manchukuo's exports. These are paid for in yen that, in the last analysis, can be spent only in Japan for Japanese products, no matter whether Manchukuo spends them directly or in three- or

four-way trade transactions with other countries. If the United States could engage in direct and extensive purchases of Manchukuo's products as does Japan, the dollars which were paid to Manchukuo for these products could be spent in the last analysis only in the United States for American products. As it is, Europe takes more bean oil from Manchukuo than does the United States and is therefore able to sell them larger quantities of manufactured goods. Europe buys Manchukuo's wheat, which Americans do not need.

The move toward recognition of Manchukuo is, therefore, likely to come from Europe first, but it may not be long before the Hoover doctrine of non-recognition of the "fruits of aggression" may be turned into a Roosevelt doctrine of the recognition of the fruits of commerce.

We have been told that Japan is likely to clash with Soviet Russia over the possession of Inner Mongolia. Outer Mongolia is just as much a part of Soviet Russia today as Manchukuo is a part of Japan, but no Lytton Commission has ever been sent to investigate it. Inner Mongolia is not an attractive country. The only possible economic use it might have to Japan would be for sheep raising, and the experiments that have been tried there so far have not been very successful. It is very sparsely settled and the tribes are particularly hostile. When Jehol was occupied by the Japanese, punitive expeditions were sent as far as Chahar, in Inner Mongolia, but nothing like a permanent colonization policy has been fixed upon. The Japanese are not anxious to take on economic white elephants, and that is just what Inner Mongolia would be.

Japan has no deep laid plans to take the Philippines, seize Singapore or in other than purely commercial ways

extend its influence throughout the British, Dutch and French colonies in Asia. We are told that the peoples of these colonies are oppressed and that they would welcome the deliverance which Russia, for example, could offer them, but that they are all mortally afraid of Japanese domination. The Philippine Islands are an economic liability to the United States, and from a dollars and cents point of view, the United States will be well rid of them when the legislation just passed by Congress becomes effective in about twelve years. While they represent a large market for American cotton piece goods, they buy them behind a tariff wall at great economic loss to themselves. They could buy Japanese cotton goods much more cheaply.

In order to provide the Filipinos with purchasing power to buy American goods thus uneconomically, the United States buys their sugar, tobacco, hemp and coconut oil because it comes in without duty, when the same products could be bought elsewhere more cheaply if they, too, were admitted duty free. The cost of the American military establishment is a dead loss. The islands offer no opportunities for the American investor because of the limitation on land holding to 2,500 acres. While the islands need foreign capital, they fear the increased investment of American capital because it might build up a group in the United States that would oppose independence. What the Filipinos really want is American protection, an American free market, and the right to govern themselves.

If the Japanese were to seize the Philippines, they would risk war with the United States, sacrifice a \$200,000,000 raw silk export trade, and acquire a dependency which has been found an economic burden. The Filipinos have a lower living standard

than the Japanese and this has militated against emigration of Japanese to the islands, except in the Davao district of Mindanao, where a flourishing Japanese colony raises the best hemp produced in the territory.

Apart from the island of Mindanao, which has only 900,000 Moros in an area the size of the State of Indiana, there is no place in the Philippines that would prove attractive to Japanese colonists. The million or so Japanese colonists which Mindanao would accommodate comfortably might prove of great economic benefit to the islands as a whole, and certainly they would prove more attractive neighbors than the Moros, who murder every Filipino they come across in Mindanao, with all of the religious fervor of good Mohammedans, who believe that their entrance into Heaven is guaranteed by such deeds.

Many wild stories of Japanese plots to seize Singapore, enter into an alliance with Siam against the British and otherwise make themselves obnoxious in the Middle East are appearing in the press. They are accused of scheming for a canal in Siam across the Isthmus of Kra to render Singapore a dead port. British sailors have a brawl with some Japanese sailors in Bangkok and our correspondents tell us that Japanese submarines appear on the scene like strange sea-serpents to defend their nationals. It is true that the Japanese object to the fortifying of Singapore and its conversion into a naval base. Such action can be aimed only at them.

The Japanese want peace and trade throughout the Malay Archipelago, and this is apparently misunderstood by Downing Street. A reason for the misunderstanding can be seen in the fact that Japan has a natural advantage in the manufacture of the coarser grades of cotton piece goods, and is

able to sell them in competition with Manchester in this erstwhile British trade preserve. When a nation like England, which depends so much on its overseas trade—and piece goods represent roughly 30 per cent of that trade with India and the Malay Peninsula—finds that trade slipping into the hands of a competitor, hard feelings are bound to result.

In the case of India, however, Japan did not prove herself unreasonable. When peremptory action was taken by India and Japanese piece goods were practically excluded, Japan bowed politely and calmly announced that if she could not sell her piece goods in India, she of course could not continue to purchase a third of her raw cotton there. This announcement raised such a clamor among the native Indian population, who wanted the cheaper Japanese cotton goods and desired to continue selling their raw cotton to Japan, that the British Raj hastily entered into conference on the subject. The result was an agreement fixing the imports of Japanese cotton goods on a sliding scale, dependent upon Japan's takings of Indian cotton.

Most writers on the Far Eastern question assume that Japan is actuated by some such policy as the *Drang nach Osten* that dominated German policy in the Balkans before the great war. They do not seem to realize that everywhere in the Orient, except in Australia, Japan is confronted with densely populated lands which have a purchasing power and a living standard *much lower* than her own. In China, Siam, the Malay States and the Dutch East Indies, however, Japan can trade on a basis of perfect equality with all other nations. Given peace and good-will, her manufacturing advantages will permit her to sell large enough quantities of manufactured goods to purchase the supplies of raw

materials and foodstuffs which she needs.

Japan is obviously handicapped in her trade in French Indo-China, British India and the Philippines, but she has no intention of occupying these countries forcibly for this reason. As long as she is not discriminated against she recognizes the right of the home country to preference in its own colonies. She even admits the right of Australia to say what kind of people shall settle there, although race pride does not permit her to acknowledge that Australia is sound in her choice. This much, at least, seems clear: Japan has no intention of occupying any part of Eastern Asia so long as she has the right to trade freely and on a basis of equality with all other foreign countries in such territory. If there is discrimination, as in the case of the past Chinese boycotts, she naturally resents it and takes steps to stop it.

Japan's survival as a people depends upon this right to trade. It happens that her population is increasing at a rapid rate and that nature has not endowed her with enough natural resources. She must obtain food and raw materials from other countries, or a large portion of her population will starve. To do this she can sell these other countries only the products of her factories. She does not produce gold as does South Africa or silver as do Mexico and the United States. Her economy is distinctly a commercial economy and she must trade to live. Her factory workers are willing to work harder and for less money than those of other countries and this gives her the only asset she possesses, comparative advantage in certain types of manufacturing. If the world will not recognize this position and insists upon placing obstacles in the pathway of her attempts to survive, then, and then only, will Japan fight.

Starve and Prosper!

By NORMAN THOMAS*

ONE of the ablest of the many able men associated with the Department of Agriculture is Professor M. L. Wilson. He first came to fame by his part in perfecting a wheat which would bring forth more abundantly. He next came to fame by his part in perfecting a law to bribe farmers, at the cost of a tax on consumers, not to plant so much wheat. Mr. Wilson's experience is a kind of symbol of the worst form of social insanity which our crazy world has yet seen. At considerable expense the Federal and State governments maintain excellent and elaborate agricultural colleges and experiment stations. Agriculture, which is in a bad way now, would be completely ruined if the majority of our farmers would intelligently avail themselves of the information these institutions provide on increasing production by scientific methods. It is only because comparatively few farmers are scientifically educated that it pays any young farmer to get such an education. And yet the world as a whole is still both hungry and cold.

In such a world no Dean Swift ever wrote so complete a satire on civilization as the honest and troubled men who wrote in the pedestrian language of law the Agricultural Adjustment Act. For thousands of generations, ever since the dim beginning of any

sort of civilization, mankind has been struggling blindly, and only in recent years with vision and intelligence, against an inevitable scarcity. Pearl Buck's moving description of famine in a Chinese village, in her book *The Good Earth*, could with minor variations, have been told of villages round the world, all down the ages. It illustrates in an extreme form the problem of scarcity. To the ancestors of this generation it would have seemed that to make scarcity no longer inevitable would mean the dawn of the millennium. Our generation has instead, in this, the richest country in the world, fled from abundance. We do not know how to manage it, and therefore, by subsidized destruction, we return to familiar scarcity, in order to give our farmers prosperity. We have "bread lines knee-deep in wheat" and our principal effort is to reduce the supply of wheat.

It is not to be supposed that such obvious madness has gone unnoticed and unregretted even in a lunatic world. President Roosevelt frankly commended the Agricultural Adjustment Act to Congress as an experiment of uncertain worth only justified by the magnitude of the emergency. This has been the prevailing tone of the discussion both of the Agricultural Adjustment Act and more recently of the Bankhead bill for the compulsory regulation of the size of the cotton crop. Not once but repeatedly has Secretary Wallace, the most thoughtful member of the administration, deplored the necessity for curtailing production, a necessity

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which he finds inherent in our economic nationalism. To his powerful statement of the case in his now famous pamphlet, *America Must Choose*, we shall return later.

Our present point is that the defense of reducing the production of staple food crops in a hungry world, and of cotton in a cold and naked world, is, in most cases, merely an irritable retort, "Show us anything better to do"—a challenge which it must be admitted is seldom met save half-heartedly by a few surviving free traders of the old-fashioned Cobdenite school. For the rest, the critics of the administration program of the return to scarcity are impotent to suggest anything save a continuation of a program of unrestricted agricultural competition within the nation which had already brought farming to the edge of disaster. By this failure they unite with the proponents of the return to scarcity are impotent to credit not only the national economy, but the price and profit system which have made us powerless to use abundance to break down the prison house of poverty and insecurity in which mankind has so long been confined. Nevertheless, it is not only a weak but a dangerous argument in support of restricting production which rests solely on the inability of its critics to suggest anything better to do. The opponents of this restriction of production have the right to demand that we face explicitly the consequences of a policy from which instinctively most of us recoil. Let us now see in some detail what is involved in the attempt to restrict our agricultural production.

Nearly a year of experimenting has completely vindicated those who from the beginning have argued that the administration's attempt to bribe farmers into voluntary cooperation

for the reduction of crops would be progressively more and more of a failure. Under the AAA farmers who raise certain staple crops were paid to reduce acreage. They were paid for the acres they did not plant or, in the case of cotton, which they plowed under. There was a widespread but by no means universal acceptance of these contracts. I have seen some evidence from share-croppers that landlords evaded their contracts. Certainly the weather was favorable for a good cotton crop. There was an immense increase in the care with which the remaining acres were cultivated, and intensive cultivation was bound to make further gains in 1934. In the month of January this year I heard of one Southwestern city in which one single firm had increased its sales of fertilizer by more than 100 per cent, and this, I was told, was typical. The net result was that more cotton was ginned in 1933 than in 1932—13,043,110 500-pound bales, as against 13,001,508 in 1932. The farmers got paid for plowing their cotton under and then had a bigger crop!

Such a situation made it inevitable that the next experiment should be the Bankhead bill for the compulsory restriction of the number of bales any one farmer can market without paying a prohibitive tax. In this respect cotton is only a few jumps ahead of what must happen in the production of all great staples. In order to save farming we shall set up an immense bureaucratic machine over the farmers to tell them just how much they may produce. The decision will not be reached in the light of the needs of a world or even of America, but solely on an attempt to estimate the effective demand, at a price regarded by farmers as reasonable, or, in other words, by the vendibility of the crop under the price and profit system.

That way lies disaster and nothing but disaster.

In the first place, the attempt to enforce restricted production will be more difficult than the attempt to enforce prohibition. It runs foul of an instinct for production at least as deep as the desire for alcohol. The successful bootlegging of a crop will be profitable much as was the bootlegging of liquor. When the day comes, which Secretary Wallace regards as possible, when every cultivated field has to have its license tag, we may perhaps end the problem of unemployment by enlisting the unemployed in the enforcement army. Human ingenuity cannot devise tags or labels for identifying cotton or wheat, legitimately marketed and free from prohibitive tax, without inviting successful counterfeiting of such labels. In proportion to the initial success of this law in raising prices will the temptation to bootlegging be increased. It is possible that this lone single thing may ultimately break down the system, at great cost, however, to the whole community.

Meanwhile we shall have a growing list of evils. Practically, as is recognized in the Bankhead bill, the only way to reduce crops is on a percentage basis which begins by accepting the status quo and freezing it into eternal law. Each county and each farm must be given its percentage of the allotted crop. The desired price will be fixed more or less in the light of cost of production on the marginal farms. The best that one can expect a government bureau to do will be to rule out land that is clearly submarginal. It will be difficult to bring new land and new methods into use—that is, legally. The limit on production will be a premium on inefficiency. The farmer and

the government bureaucracy between them will lose almost all interest in increasing the capacity of industrial workers to consume their cotton or their milk. They will be content, if the system works at all, with a guaranteed price for what they produce. Not only will they become rampant economic nationalists, perhaps to a worse degree than tariff-favored manufacturers, but they will lose an aggressive interest in the attempt to increase the home market. Conceivably the consumers will be forced to wage as bitter a struggle against this elaborate system of restriction—always provided that with the aid of an army of snoopers it works at all—as did John Bright's England against the Corn Laws. This will certainly be the case if for any reason the present tendency toward stationary population in the United States should be reversed.

It is the mixture of acreage reduction under the AAA with an abominable land system which the New Deal has not yet touched to which we owe the most disastrous results of acreage reduction. Inevitably, and in spite of any legislation, a system of paying landlords for not planting acres is bound to drive the tenant farmer off the land or reduce him to the level of a day laborer at outrageously low wages. This is precisely what is happening, especially to the share-croppers in the cotton and tobacco country. There are some 1,500,000 of these "forgotten men" whose economic and social conditions are, on the average, the worst I have seen anywhere in America. They own nothing. They are staked year by year by the landlord and get half the net value of the crop after the landlord has deducted his advances, which all too often are figured with a "crooked pencil," especially if the share-cropper has the added

disadvantage of being a Negro. It must be added that illiterate whites fare little better. The cotton contracts gave the share-croppers little more than the protection of pious words, and all the enforcement machinery is in the hands of the landlord class. The result is that thousands of share-croppers are being driven completely off the land or else deeper into peonage to the landlord.

So far, the major effort of the Department of Agriculture has been to whitewash the situation. The Bankhead bill gives the Secretary of Agriculture power to protect the share-croppers, but how is not specified, and it is difficult to see that much can be done under a land system which means peonage for thousands upon thousands of men. Even the government's laudable effort to put submarginal land back into forests will mean the displacement of thousands of farmers, mostly of the lowest economic status. Bad as their present condition is, it will become worse, unless there is definite provision to absorb them into industry.

Indeed, it is to the expansion of industry, rather than agriculture, that we must look to take care of men displaced by the coming of machinery to the help of agriculture. A decreasing number of agricultural workers scientifically trained can supply the food needs of a population which tends to become stationary. On the other hand, there is no near limit which can be set to the wants of men which industry can supply. In other words, there is no program for agriculture which is not bound up with industry. We are either going to accept the possibility of abundance in both agriculture and industry or we are going to try to curb industry and restore scarcity in both agriculture and industry. The present fear

of machinery is on all fours with the desire to curb agricultural production.

Now it is easy enough to prove, as Walter Lipmann has recently done, that all along the line the fear of plenty is unwarranted. He is entirely right in saying that the use of labor-saving machinery makes a nation richer and not poorer as the comparative wealth of America abundantly testifies. Nevertheless, there is a problem of technological unemployment both in industry and agriculture, and it is not a problem which can take care of itself. Charles G. Ross, in the *St. Louis Post-Dispatch*, has convincingly proved that, if production were restored to the 1929 level, there would still be 4,000,000 unemployed. Machinery will be an unmixed blessing only when the time and rate of its introduction can be planned, not according to the inclination of this individual or that corporation for profit, but according to our ability to produce, distribute, and enjoy abundance, and to shorten working hours. This test cannot be imposed in a system ruled by the divine right of profit for the owners of property.

Under such a system we shall continue to have a further development of the course already begun, that is, a policy of subsidies for manufacturers and farmers who are politically powerful enough to demand it. Our experience with tariffs shows that groups never abandon subsidies voluntarily. Infant industries have never grown up beyond the need of tariffs. By the same token it is futile nonsense to assume that the attempt to make the farmers rich by restoring scarcity at the cost of a subsidy from the consumers is only an emergency measure lightly to be abandoned. It will scarcely be abandoned unless or until our effort to get rich by subsidizing each other breaks down as completely as

the economy of the delectable island where every one made a living by taking in his neighbor's washing.

No, there is a better hope. It is the acceptance of the economy of abundance, and that requires us completely to supersede the price and profit system born of scarcity. Until we come to realize this basic fact, we must expect all manner of economic woes to which various political ills will be added. The ultimate political ill, of course, is international war to which a program of economic nationalism, no matter how it is dressed up, assuredly points. Along the way we shall have the varied and assorted ills of pork-barrel politics to which will be added an inevitable growth of a bureaucratic dictatorship which alone can enforce a comprehensive reduction in agricultural or industrial output.

That we do not immediately feel all these evils is due to a certain liberalism in President Roosevelt himself and to the unusual quality of Secretary Wallace and his principal advisers. Mr. Wallace himself has partially pointed the way out by his advocacy of economic internationalism or at least by a compromise which will give some measure of economic internationalism a chance. The weakness of his position is twofold:

1. Even on the basis of a national economy it is enough to make devils laugh to listen to an argument for the drastic reduction of the cotton crop or of milk reduction and then to consider that the children of sharecroppers and of most of the textile workers do not have two sets of underclothes a year and that their wives have not enough sheets to go around. As for the milk situation, at a time when we are to be taxed for the production of milk, New York City is actually consuming about one-half of what has been estimated to be advis-

able for the health of its children. There is a great deal of expansion possible in agricultural consumption, to say nothing of industrial consumption, before we reach the limit of what our American fellow-citizens need as distinguished from what they can afford to buy.

2. The economic internationalism which Mr. Wallace advocates is more necessary yet harder to attain than he thinks. It is reasonably clear that we cannot marry the kind of planned national economy toward which in a blind and stumbling way most nations are moving and a *laissez-faire* free trade between nations. Neither can we get a valid world economy on the basis of such bargaining between nations as may be furthered by giving the President power to raise or lower tariffs by 50 per cent. We shall have to come to some degree of world planning. And that is the hardest task before men.

It will be seen that I do not minimize the difficulties in the way of a successful practice of the economy of plenty. We owe a reluctant sympathy to the advocates and defenders of the AAA who have demanded, so far in vain, of their capitalist critics, "Tell us, what else can we do?" It is certain that in a price and profit economy, further complicated by economic nationalism, farming, deprived of any protection equivalent to that which tariffs had given to certain manufacturers, was plunging deeper and deeper into disaster. The city worker gained a certain advantage from the cheapness of agricultural products, although the wastes and profits of our system of processing and marketing deprived him of most of the benefits he might otherwise have enjoyed at the farmers' expense. In the city workers lost directly and immensely because of the decline in the purchas-

ing power of the farmer. Under these conditions it is absurd for the capitalist enemies of controlled production to imagine that the farmers can be made content to let things drift forever.

The whole point is that our disintegrating capitalist nationalist system has no answer to the problem of agriculture, but only a choice between evils. Capitalism was born in an age of scarcity. Its incentives were the incentives of inevitable scarcity. Now that machinery enables us to have abundance, the day of a system born of scarcity is done. There is no royal road to plenty. That shared abundance which machinery has made the logical, not the only, basis for human well-being will not be realized save as we accept the philosophy and the organization of the cooperative commonwealth. The successful management of the machine age, with its necessary specialization and integration, requires plan. That plan must

be for the common good. It cannot possibly be harmonized with the pursuit of profit as the reward of speculation or the ownership of property. It cannot be completely realized within the borders of any one nation. Men will go on trying arbitrarily to restore scarcity until they learn to accept a new social order based on the social ownership of the great means of production and their operation, according to plan, to the end that there may be abundance for all. It cannot be achieved painlessly under pressure of Stewart Chase's "technological imperatives." It requires organization and struggle.

In short, the conditions for achieving this new society are the conditions for achieving socialism, and he who objects to socialism is objecting to that acceptance of abundance to which increasingly the obvious follies and tragedies of a return to scarcity is compelling them to give the allegiance at least of their hopes.

The Odds Against Labor

By MAURITZ A. HALLGREN*

THERE was also to have been a New Deal for labor. Perhaps there will still be, even if at the moment it appears to have been denied by the hard facts of our profit economy. Yet why be surprised?

In any economy in which the profit motive serves as the mainspring of production it is all but inevitable that profits should be considered before wages. Without a fair degree of certainty of profits, the incentive to produce is likely to be removed, and employment diminishes. Conversely, when rising prices or other factors give promise of renewed profits, production begins to expand again, employment increases and wage income, though more slowly, climbs back to what the statisticians call normal. And that is why there has always been a marked disposition on the part not only of business men but also of economists and public officials to place the needs of the business community before those of the salaried and wage-earning class.

On those infrequent occasions when government has lent a hand, it has poured in help at the top, or has sought to revive production by applying artificial stimulants to the price structure. Despite the efforts of the Roosevelt administration to stress the part consumer purchasing power plays in economic recovery, it also has had to yield to the pressure of the profit motive.

The relation of purchasing power to

business prosperity had been gaining attention for several years before Franklin D. Roosevelt entered the White House. In the decade following the World War the so-called enlightened capitalists embraced the theory that business welfare depended as much upon high wage rates as upon profits. Yet only a relatively few employers subscribed to this belief, and most of them quickly forgot it once the price collapse of 1929-34 began restricting their margins of profit. But apparently Mr. Roosevelt's memory was not so short. In a notable address delivered at Oglethorpe University a few weeks before he was nominated at Chicago he pointed out that wage income during the boom of the Twenties had failed to rise "proportionately to the reward of capital." This was one of the underlying causes of the current economic confusion. It could be remedied by bringing about "a wiser, more equitable distribution of the national income."

Here Mr. Roosevelt went beyond Henry Ford and followed the teachings of economists like J. A. Hobson and J. M. Keynes, who had long held that too much of total income was going to owners and investors and not enough to consumers. Owners and investors, unable to devote more than a small part of their income to personal consumption, reinvested most of it in capital equipment, while consumers found themselves too poor to buy all the consumption goods that could be produced. In time capital equipment, designed to turn out consumption goods, expanded too far.

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Notwithstanding various efforts to assist the consumers by setting up instalment-buying and similar credit schemes, the gulf between the capacity of the factories to turn out goods and the capacity of the consumers to buy these goods ultimately became so wide that our prosperity tumbled into it and disappeared.

Whether right or wrong, this theory was accepted as valid by the Roosevelt administration. It was thought that the process could be reversed. If inadequate purchasing power had brought on the depression, then a rehabilitation of purchasing power might restore prosperity. The administration did not, of course, overlook the part profit plays in our economy. Yet for the first time consumer buying power was given special emphasis, and this was of particular importance to labor. Not only might it prove a boon to business and so provide new employment, and not only did it promise immediate benefits to the workers in the form of higher wages and better working conditions, but it appeared to involve an obligation on the part of the government to assume the rôle of active champion of the working class. If the Roosevelt administration were to seek to increase the income of the wage-earning or consuming class directly, rather than indirectly, it would obviously have to take the part of the workers against those employers who could not be persuaded that economic salvation lay in higher wages.

The Roosevelt program for labor was divided into several sections. Some of these, though they surely helped many workers as individuals, need not be considered here, since they were in essence no more than temporary relief measures. Labor made, and could have made, no permanent gains as a result of the civil works or public works scheme.

The principal effort in labor's behalf was concentrated in the National Industrial Recovery Act. The NIRA clothed the President with authority to do what he could within certain generous limits to create new employment. This was to be achieved not only by promoting business recovery but also by shortening the working week. (Wage income was to be increased by establishing legal minimum rates of pay, thus expanding the purchasing power of the workers both absolutely and in relation to the total national income. Finally, since capital was so much better organized and since its organization would be immensely strengthened by the suspension of the anti-trust laws and the creation of the trade associations permitted under the Recovery Act, it was deemed essential to facilitate and expedite the organization of labor. Otherwise, it was feared, the superior strength and resources of capital would throw the recovery program out of balance. The answer was embodied in the now famous Section 7-A. While establishing no principles not already recognized in law or in practice, this section, theoretically at least, threw the full weight of the Federal Government and its law-enforcement machinery behind the right of the workers to engage in collective bargaining through agents of their own choosing, and to form and maintain their own organizations.)

What have been the results to date? In a sense, of course, to measure these results would require an appraisal of the entire recovery program. Nor is it possible to determine exactly how far these results have been influenced by factors beyond the province or control of the administration. For example, employment has increased somewhat, mostly in consequence of a modest upturn in business activity;

but the very same thing has happened in several other industrial countries. While it may be barely possible that our own economic improvement has brought about this favorable reaction abroad, it is more reasonable to suppose that certain "natural forces"—to use the language of the orthodox economists—have been at work simultaneously, and more or less without benefit of governmental intervention, in all these countries.

The increase in the number of persons in regular employment, as distinct from those holding "made" jobs provided by the late CWA and other relief agencies, has been estimated at from 2,000,000 to 3,000,000 for the first year of the New Deal. As the indices upon which this estimate is based indicated that a year ago approximately 12,000,000 men and women were then jobless, the result is that, statistically speaking, not more than one unemployed worker out of four has found a job since Mr. Roosevelt took office. The employment index of the Bureau of Labor Statistics stood at 73.5 in February, 1934 (the year 1926 being taken as 100), an increase of 4.2 points over January, 1934, and of 18.4 points over March, 1933. Nevertheless, the February index was still fractionally below the high marks established for 1933 in September and October, when it reached 73.9 and 74.0 respectively. There were indications, moreover, that the end of the peak season in automobile production would reverse the trend again, for the increase recorded in February, which was doubtless maintained through March, was mainly due to greater employment in the automobile and related industries.

This index, however, concerns employment, not unemployment. The distinction is not without importance. There are a number of factors which

may and do affect the unemployment total but which are not revealed in any employment index. Probably the most accurate unemployment estimate is that published monthly by the American Federation of Labor, but even this index must be accepted with some reserve. In the main it reflects changes among organized workers, who, just because they are organized, are better protected against unemployment than the unorganized workers. Nor does it take into account large groups of workers such as farm laborers and those employed in the "service" trades. For January, 1934, the A. F. of L. reported 11,688,000 unemployed—a decrease of only 2,000,000 from the high mark of 13,690,000 reached in April, 1933. The preliminary report for the month of February indicates a further reduction of 314,000 in the number of unemployed. Accepting the A. F. of L. index as valid, we find that less than 25 per cent of the jobless have found work in the normal activities of American industry.

Less than a year ago we were being told again and again that the shortening of the working week would provide many more jobs than have actually materialized. General Johnson, the NRA Administrator, spoke hopefully last Summer of putting 6,000,000 men back to work by Labor Day. But this proud boast was not made good, mainly because the NRA failed to make any serious effort to adjust the hours of labor on a realistic basis. Statisticians for the American Federation of Labor had estimated that a universal thirty-hour week would be needed to take up the slack in employment. Independent statisticians and economists believed that the working week would have to be reduced to twenty-eight hours in order to provide jobs, on the basis of present business

prospects, for all who are unemployed.

(Unfortunately, the NRA took a somewhat different view, considering the problem not from a national standpoint but from that of each industry. Under pressure from employers, who wisely sent their best available talent to Washington to represent them at the code hearings, whereas labor depended upon its own untutored spokesmen, the NRA was far more generous in fixing the hours of labor than the circumstances seemed to require.) In only fifteen of the 234 codes approved in the first eight months of the NRA's existence was the working week set at less than forty hours. And in numerous cases this provision was so hedged about with qualifications and exceptions that it afforded no genuine limitation or reduction of hours. The administration acknowledged this failure when, in March of this year, it asked industry to shorten the working week still further. But only a few employers complied.

With the increase in employment there was obviously a corresponding increase in consumer purchasing power. The American Federation of Labor estimated that in February, 1934, the wage earners' total income was \$665,000,000 above that for February, 1933. This included income of workers employed on CWA and other government projects. The payroll index of the Bureau of Labor Statistics stood at 55.6 in February, 1934, a gain of 5.2 points over January, 1934, and of 20.7 points over April, 1933. Whether this expansion of buying power represented either a net gain for the individual worker or a proportionate gain for the wage-earning class, as compared with the increased "reward to capital," may well be questioned.

(The mere fact that business activity was greater meant, of course, that business was earning more money.) Ac-

cording to Standard Statistics, approximately 400 industrial firms, which had earned net profits of only \$4,022,000 in 1932, reported net profits totaling about \$338,698,000 for 1933. Unfortunately, statistics dealing with profits and wage income are so incomplete and so largely based on "samples" that we cannot use them to determine whether or to what extent there has been any change in the ratio between the "reward to capital" and the income of the wage-earning or consuming class. On the other hand, the movement of price and wage indexes at least shows the trend.

That prices have risen faster than wages is evident. The index of retail food prices published by the Bureau of Labor Statistics stood at 108.3 on Feb. 13, 1934, a gain of approximately 20 per cent over April, 1933, when the index stood at 90.4. In the same period prices of clothing and furnishings rose 27.5 per cent, according to the Fairchild index of department store prices. Other living costs showed similar advances. But wages failed to keep pace with this increase.

The American Federation of Labor, in its annual business review for 1933, reported that the income of workers in our sixteen chief producing and distributing industries averaged \$20.53 a week in November, 1932, and \$20.56 in November, 1933. By the end of January, 1934, the average weekly income of the workers in the same industries had increased to \$20.83. Thus, the average worker actually had to reduce his standard of living. The things he must buy went up one-fifth or one-fourth in price, while his wages lagged far behind.

Capital income has thereby apparently been increasing at a more rapid rate than wage income. The price which our total output of goods fetches on the market represents, roughly speak-

ing, our national income. Hence, if prices rise faster than wages and salaries, then it follows that the proportion of our national income which is going into dividends, interest and rent is increasing faster than—and at the expense of—that which is going into wages and salaries. And that, it appears, is what happened in the first year of the New Deal. In brief, the purchasing-power theory of the Roosevelt administration has not worked out in practice.

Nor does it appear that there could have been any other outcome. When President Roosevelt signed the Recovery Act on June 16, 1933, he declared that "the aim of this whole effort is to restore our rich domestic market by raising its vast consuming power. If we now inflate prices as fast and as far as we increase wages, the whole project will be set at naught." Yet the administration soon discovered, if it did not already know, that to promote business recovery prices must be forced up faster than wages. Business was in the doldrums because prices had in general fallen below production costs, thus leaving no room for profits. If production costs, including wages primarily, were to be increased at the same rate as prices, then business would obviously still be left without a margin of profit.

The administration was therefore compelled to resort to various devices intended to bring about a price rise. And the NRA found that it had to allow employers to match wage increases with price increases. Not only the President's Re-employment Agreement, but every "code of fair competition" approved to date has either permitted—in some cases even required—employers to pass their added wage costs on to consumers in the form of higher prices. In these circumstances we could hardly have expected

a proportional increase in consumer purchasing power.

Labor has fared little better from the standpoint of organization. Section 7-A of the Recovery Act, which Mr. Roosevelt called "a new charter of rights" for the workers, promised the labor movement all the governmental support it might need for a successful organizing campaign. The administration could have gone no further without assuming direction and control of the labor movement.

The organizing drive of the American Federation of Labor began with a grand flourish. The membership of the federation had, by January, 1933, dropped to something less than 2,000,000 from its all-time high of 4,078,740, reported in 1920. Unions not affiliated with the federation claimed at the same time a dues-paying membership of about 700,000. In August, 1933, the month in which the federation's fiscal year closed and which also saw the first of the major codes in operation, its membership had increased to 2,176,796. For the next few months there was an unprecedented rush of workers to join the ranks of organized labor. Scores of new unions were chartered or organized directly by the A. F. of L. William Green, the president, was able to announce in October that 1,300,000 new members had been taken into his organization, bringing the total above 4,000,000, while additions to independent unions had increased the number of organized workers in the country to more than 5,000,000.

Since October, however, there has been a distinct slackening in the organizing campaign. The reasons are not far to seek. (For one thing, the Roosevelt administration has not lived up to its implied responsibilities under the Recovery Act.) Secondly, the employers have returned to their former

attitudes and tactics. Lastly, and certainly not least, the underlying philosophy of the American labor movement and its unimaginative and sluggish leadership have contributed toward the setback.)

Discussing the labor movement some years ago, J. B. S. Hardman, the labor editor, wrote that "mass organization, political unity, removal of jurisdictional divisions were the crying need of a movement caught between the impact of capitalist consolidation and technological revolution. To accomplish those ends, however, meant going out of well-appointed offices into the field, jeopardizing accumulated resources, sometimes taking a chance with life itself—and the 'constituted leadership' of labor was advanced in age and heavy around the waistline." This characterization in general still applies to American labor leadership. Instead of carrying their fight to the workers, the federation officials, with one notable exception, have devoted most of their time to lobbying activities in Washington.)

The principle of craft or horizontal unionism upon which the A. F. of L. rests is another obstacle to success. Craft unionism has departmentalized the labor movement, has broken it into cliques working at cross-purposes. As a result, before the advent of the NRA, there had been almost complete failure to organize the semi-skilled and unskilled workers. Indeed, under this principle, which makes provision only for skilled craftsmen and artisans, the other groups cannot possibly be brought into the labor movement. Seemingly the federation would be wise to drop its craft unionism and swing to the vertical or industrial union—which embraces all the workers in a given industry—in order to meet the challenge of the changes being wrought under the NRA. The re-

covery laws are not only encouraging but actually compelling employers to form industry-wide trade associations. Thus, all the employers in an industry are enabled to present a solid front to the workers in that industry. But so long as craft unionism obtains the workers must remain divided. These facts seem obvious; yet the federation elected at its Washington convention last October to cling to its faith in horizontal unionism. It is true that it has recently sought to establish vertical unions in the automobile and some other industries, but these organizations apparently arrived on the scene too late. Strong company unions had already been formed by the employers.)

Employers were no less alert than labor leaders in attempting to organize the workers under the stimulus of the Recovery Act. For the most part they looked upon Section 7-A as revolutionary in so far as it seemed to require that the power of the State be used on behalf of organized labor. If the workers had to be organized, these employers would see to it that they were organized on terms wholly suitable to capital.

On the very day that President Roosevelt signed the Recovery Act several steel companies announced that "employee representation plans" were being set up in their mills. In each case the company took the lead, posted notices, and laid down rules and regulations. More than 400 similar company unions have been established since last June. While no definite figures are available, it is believed that the workers directly affected by these "representation plans" number several millions. There are other employers who have refused to deal even with company unions and have insisted on maintaining the open shop on the ground that the open shop is sanctioned by Section 7-A.

Organized labor has repeatedly complained that both groups of employers have been violating the law, the former by resorting to interference or coercion in forming company unions, and the latter by refusing to bargain collectively with workers' representatives. Unfortunately, it is only by implication and not by any direct statement that the law requires employers to bargain with labor. This aspect of the problem obviously needs to be clarified. But the complaints dealing with allegedly unlawful company unions need not clarification but investigation. By an impartial inquiry into the facts it should be relatively simple to determine in any particular case whether the law has been violated. At no time, however, has the Roosevelt administration or any law-enforcement agency of the government undertaken such an investigation.

This lack of enforcement on the part of the government and the unwillingness to deal with independent unions on the part of the employers resulted in an outbreak of strikes last Summer and Fall. Of 128 disputes before the National Labor Board, all but thirty-one had to do with questions arising from the efforts of the workers to realize those rights supposedly guaranteed by the Recovery Act.

(Another and much more serious wave of strikes was brought on in February and March of this year by the lack of enforcement. Having virtually abandoned hope of obtaining recognition of their rights either in Detroit or Washington, the newly formed industrial union of automobile workers decided to force the issue by calling a strike. The automobile manufacturers seemed not only prepared but eager to accept the challenge. Through their trade journals, in advertisements in the daily press and by other means,

they let it be known that they would not bow to the American Federation of Labor or any other independent union without a struggle. Employers in other industries showed by their public statements and their testimony before the Senate Labor Committee that they stood shoulder to shoulder with the automobile manufacturers. It had thus become abundantly clear by March, 1934, that neither four years of depression nor the changed public psychology arising from the New Deal had brought about any real change in the relationship between capital and labor.)

President Roosevelt, fearful lest his recovery program be jeopardized, intervened directly in the automobile dispute. His personal intervention resulted in a compromise which, though accepted by both sides, unquestionably constituted a defeat for the American Federation of Labor. The manufacturers' views prevailed at almost every point, but particularly with regard to that section of the compromise dealing with collective bargaining. The A. F. of L. had contended that if a majority of the employees of a company chose its union to represent them, that union should be permitted to bargain collectively for all the employees. The National Labor Board had upheld this contention a few weeks previously in the Denver Tramways case. But Mr. Roosevelt thought differently. He pointed out that the government "favors no particular union or particular form of employee organization or representation," and added that Section 7-A gives employees the right to organize in more than one group if they so desire, with each group entitled to be represented in whatever bargaining takes place. "If there is more than one group," he declared, "each bargaining committee shall have total membership pro rata

to the number of men each member represents."

[Such an interpretation places the A. F. of L. union and the company union on exactly the same basis so far as their power to bargain collectively is concerned.] Since employers could not extend favors in the way of better wages or working conditions to members of company unions without being accused of discrimination, and since they are not likely to place the latter at a disadvantage as compared with members of other unions, it follows that the collective bargains to be arrived at will be substantially identical with respect to all the organized groups. Hence, in effect, the A. F. of L. union will be in no position to offer inducements to the workers that cannot be duplicated by the company union. The average worker, therefore, will in all likelihood be inclined to join the latter rather than the former, if only to curry favor with the boss.

In brief, then, while labor has made a few gains under the New Deal, these gains have been neither substan-

tial nor have they arisen solely from the efforts of the Roosevelt administration. Secondly, the administration found the demands of the profit economy to be such that it could not bring about a proportional increase in wage income or consumer purchasing power, at least not by the particular methods chosen. And, finally, the championship of the working class implied in the purchasing-power theory has proved too much for the present régime. Carried to its logical conclusion, it would have involved the transference of power to the working class or the creation of a Fascist or paternalistic State. Mr. Roosevelt has several times made it clear that he believes it necessary to maintain the present relationship between the classes. In his first important test—that involving the automobile workers—he met the issue by a compromise which dealt a serious blow to organized labor and extended governmental protection to company unions which had been formed, lawfully or not, for the sole purpose of preventing labor from organizing itself against capital.)

Keeping the Lid on the Balkans

By LOUIS ADAMIC*

DURING 1932 and 1933 I spent eleven months in Yugoslavia, one of the largest and potentially one of the richest countries in the Balkan area. I traveled over the land and studied the social and economic conditions in scores of villages. Even in the best of these villages from one-half to two-thirds of the inhabitants are not really peasants, but soilless village proletarians who barely exist—*siroté*, or paupers, dependent upon the meager resources, the charity, of the upper third.

Ten, even five, years ago, a large part of these village proletarians were directly or indirectly affected by emigration to the United States. For six or seven decades before the World War, while the United States was rushing blindly to the climax of its industrial development, hundreds of thousands left the Balkans and Eastern Europe every year, coming to America to better their socio-economic and political circumstances. Millions among those who remained in Europe hoped eventually to be in position to leave for America, too, and thus escape political oppression and persecution, racial prejudice, military service, spinsterhood, spiritual stagnation, and (in most cases) the ever-narrowing field of opportunity for economic betterment and personal adventure. And to hope to be able to go "across the big pond" some day was for many of those

who remained enough to keep them politically tame and harmless to the ruling classes in their various countries. It was a vent for much, probably most, of the social discontent and unrest in the great region that stretches from the Baltic southward to the Mediterranean and from the Black Sea westward to the Adriatic.

Not only did America absorb countless shiploads of humanity dissatisfied with conditions in their native lands, but those who came here sent from one-fourth to two-thirds of the wages they earned to their relatives back in the Balkan and East European villages and towns. This money from America was even more important than the mere fact that a considerable number of people could, or could hope to, emigrate. It is estimated that the average Balkan and East European peasant working in American mills, mines or forests not only supported himself here but supplied the major part of the means of life for from five to ten of his relatives in the old country.

In a countless number of cases the immigrant worker in America paid off the debt on the house of his birth, in which, thanks solely to him, his parents and brothers and sisters then continued to live. He paid, too, the ever-mounting annual government taxes on the old homestead and not infrequently provided the dowry for his sisters so they could marry. He helped his friends and cousins to go to America, whereupon they, in turn, aided their close kin. In brief, the

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\$300 or \$400 he annually sent from America, when translated into kronen, dinars, zloti, levi or rubles, worked wonders in the old country. Those dollars smoothed out many a political wrinkle, abated many a political storm in the land from which he had emigrated. They relieved social conditions which otherwise would have produced political upheavals.

The dollars which immigrants sent from America were, moreover, a boon to the entire economic life of the old countries. Yugoslavia, for instance, even in the years of restricted emigration to the United States, received from her people in the United States from \$20,000,000 to \$40,000,000 a year, which enabled the Belgrade government to pay foreign debts and the interest on them, cover trade balances, keep up the value of its currency on foreign exchanges, pay its diplomatic corps, and so on.

But eventually the United States was compelled by its own internal problems to restrict the number of new immigrants to its shores. And since the beginning of the current depression the world-famous "Welcome!" sign has been effaced almost completely. In 1932 only 35,000 aliens were admitted, compared to more than 1,000,000 twenty years before. Most of these 35,000, moreover, were wives and children of men already established here. In 1933 many more foreigners returned to Europe, both voluntarily and by deportation, than came in as immigrants seeking a permanent home.

It is not only that the "Welcome!" sign is down. Multitudes of people in Europe realize it would be madness to go to America even if they had passage money and the American Consul would visa their passports. They know of America's enormous army of the unemployed. They read about the de-

pression in the United States in the newspapers and in the letters which relatives, most of whom no longer send any money, write to them from America. They gather about the returned emigrants, some of whom palpably are worse off than when they departed, and listen to melancholy tales about working people in the United States who have lost not only their jobs but also their savings in bank failures.

As a result of all this, a very important fact has gripped the minds of the poverty-oppressed, politically unhappy, and spiritually unfunctioning masses in the East-European and Balkan countries—namely, that America is no longer their far-away Land of Promise. They must stay at home.

What, then, is the next step, if any, in the Balkans and Eastern Europe? I discussed this question with all manner of people in Yugoslavia. Also, in Belgrade and in Dalmatia I met Slovak, Polish, Czech, Bulgarian, Rumanian, Austrian and Hungarian journalists, politicians, priests and lay observers, and talked with them.

A member of Yugoslavia's sham Senate in Belgrade, who is a banker and an appointee and minion of the dictator, King Alexander, said to me quite matter-of-factly that, yes, overpopulation in the Balkans, as elsewhere in Europe, was a serious matter, and what was needed was another war. A new world conflict, he thought, was just around the corner. It had to come—"there are too many of us. America doesn't want any more of us; so, my dear man, what can we do?" Five or ten million men would be killed; if gas were used on a large scale, perhaps 15,000,000 or 20,000,000, and thus some of the most pressing social and economic problems would be solved at least temporarily. Such profound statesmanship, by the way,

is not uncommon in the Balkans, or in Europe generally.

As for the people themselves, some of them, including perhaps a majority of the landless proletariat in the villages, have no clear ideas on the matter—indeed, no ideas at all. Millions of men and women, young and old, in thousands of villages, towns and hamlets, are in a state of social stagnation and rapid personal degeneration. There is little rebellion in them. They are hopeless, no matter how one looks at them. There are other millions, however, who, oppressed by dire economic circumstances, are filled with the spirit of rebellion and, refusing to sink into the gutter, eagerly read every scrap of radical literature that comes into their hands.

The landless proletariat represents the largest element in most Croatian villages. In one I know well there are 400 *gospodarstva* (families or homes which exist as independent economic units.) These 400 families have among them 2,000 acres of soil, of which 300 acres are not available for cultivation. That leaves 1,700 acres, or slightly over four acres per family—which, of course, is not enough. To live halfway decently, even according to the very low Balkan standards of living, a family of five or six would have to have in the best of times, when products are marketable at fair prices, at least eight acres. But, since some of the wealthier peasants in the village have large holdings, most of the families lack even the four acres, and a great many have no soil at all, aside from the ground their shacks stand on. In other words, in this village of 2,000 people and 1,700 productive acres, two-thirds of the inhabitants, economically speaking, do not belong there. And this village is not one of the worst cases; in fact, it is one of the best in Croatia and rather better

than the general run of villages in Eastern Europe and the Balkans as a whole.

Most of the larger villages have two or three well-to-do peasants or farmers, the equivalent of the Russian kulaks, who own from 50 to 200 acres of the best land in the vicinity, run the local inn and store, dominate the local peasants' collective, are agents for insurance and fertilizer companies and have other advantageous contacts with the city. They engage in the lumber trade, lend money at exorbitant rates and generally play the rôle of pillars of the community. By and large, these kulaks have only contempt for the village proletarians, especially now that they no longer come to them with American dollars to be exchanged (at a profit) into the local currency. Socially stupid and sunk in self-complacency, they resent the poor, whom they consider a burden on the community, that is, upon themselves. Some of them are aware of the radical stirrings in the villages, and their reaction to the social problem that stares them in the face is typically Fascist. They cooperate with the gendarmerie and the special government agents and terrorists in keeping down the spirit of rebellion.

Wedge between the numerous village proletariat and the few kulaks are the small peasants who own, say, from five to fifteen acres of arable soil, a piece of woodland, a few head of cattle and possibly a team of horses; have a mortgage on their property and live in constant dread of the tax collector. Most of these, in one way or another, are connected with or dependent upon one or more of the kulaks in the village. A majority of them, perhaps, are socially as stupid as the kulaks, but their sympathies—on the narrow personal if not the broad social plane—incline

toward the proletarians if for no other reason than that they instinctively feel that they themselves, being in many cases completely at the mercy of the kulaks, are not far removed from pauperism.

In nearly every village that I visited in Yugoslavia, however (and this, I am reliably informed, is true also of nearly all the other Balkan and East European countries), there is a handful of people, most of them belonging to the middle group, whose social intelligence, if one remembers that they had almost no formal schooling, is nothing short of amazing. They are either Green (or Peasant) Internationalists or Communists, or somewhere in between. They read forbidden communistic and Green Internationalist leaflets. They meet, two or three at a time, sometimes in their houses, sometimes in open fields, to discuss things. In some villages the priest or the teacher is secretly one of them. They have contacts with radical intellectuals in the city.

In nearly every village to which I came, especially in Croatia, I found middle-aged peasants who, having been secretly informed of my coming and my journalistic purpose, were prepared to give me a thorough socioeconomic picture of their community. They told me, for instance, that, aside from the two or three kulaks, the whole village did not own the equivalent of \$50 in cash; that over one-half the people, having absolutely no money, used no salt, matches or petroleum in their homes. This dearth of cash was due in part to the world-wide *kriza*, but in villages of 100 homes at least a score of homes used no salt, petroleum or matches even before the coming of the *kriza*.

In that Croatian village to which I have already made reference, I talked with a man who knew exactly how

many horses and oxen there were in that community, how much capital was invested in those animals, how many acres of land it took to grow the hay and oats to feed them, how many tractors could be bought with the money invested in the horses and oxen if the animals could be sold, and how many tractors and other farm implements could be acquired if, instead of hay and oats to feed the beasts, corn and wheat were grown to sell.

He knew the historic and current reasons for the backwardness of his village. "For a thousand years," he said, "our masters did everything to keep us backward. We use horses and oxen because we always have used them. It is hard for us to make a break with our old ways. We need some one from without to help us, encourage us, energize us; if necessary, to drive, to force us into progress. But as the system now is, no one is interested in us—in our surplus population, our village paupers who starve and shiver and rot in these shacks you see all around. No one outside our village is interested in attacking our bad economy at the roots. We ourselves can't move because we are weighed down by all sorts of local problems, confused by petty jealousies, endlessly frustrated by depressions and wars which hit us every once in a while and ruin everything we might have tried to accomplish." He laughed a little. "They say we have been 'liberated,' now that we are part of Yugoslavia; but the régime in Belgrade, as it turns out, really is no better than was the Austro-Hungarian rule in Budapest or Vienna. The Belgrade government, which is in the hands of the rich and 'educated' individualists"—he smiled at the word *educated*—"is interested mainly in exploiting us and pulling us into the army when the time comes to fight

for the interests of Western capitalism."

A young peasant in another village spoke thus: "Overpopulation? Of course there's overpopulation in our villages, as in Rumania and Hungary and Poland, but only because of the existing economic system. Some of us can imagine a system within which the present territory of Yugoslavia could maintain in well-being not 14,000,000 people [which is the present population of the country] but three times that number. We have a naturally rich country: raw materials galore and great stretches of fertile land. We need big industries to develop our great natural treasures—big industries operated for the benefit of the masses living here and elsewhere, not for the enrichment of a few international capitalists; big industries which would absorb our so-called overpopulation and make room for more people. Of course, such a system could be brought about here only by a bolshevist revolution. In a backward country like ours such industries can be created only in the Russian way."

I asked him how he thought such a revolution would come.

"We figure it will come soon after the next war starts. We expect the masses everywhere in Europe to revolt against their rulers. Then perhaps a period of confusion. Then the new order."

Still another Croat peasant said to me: "Sometimes I dream and imagine the Red army starting from Moscow a million strong. We join them—and then—then good-bye to all this! We become a part of the U. S. S. R., independent republics within a great social-economic union. All Slavs together, 300,000,000 of us, and any one else who cares to come in with us."

This man had been an immigrant in

America. He thought that the fact that the United States wants no more immigrants will in the long run react favorably on the Balkans and the rest of Europe. "Now," he said, "we can no longer run away from our troubles, our problem. We must face it, think about it, solve it."

Industrially, Yugoslavia is little developed, but 85 per cent of what there is of industry is capitalized and controlled by English, French, German, Austrian and other foreign investors. In this imperialism the foreigners have had the cooperation of the ruling group in Belgrade, many of whom, including King Alexander, are shareholders in the factories, mines and timber companies without having invested a penny. The average wage they pay their workers, most of whom are pauperized peasants fleeing from rural stagnation, is about the equivalent of 25 cents a day. But I found workers in a Croat textile town who received 52 cents for 164 hours of work. Wages of this level drive those of the proletarians who do not die or degenerate to extreme radicalism.

The wealth that Yugoslav hands create for these "money imperialists" out of Yugoslav raw materials under the protection of the Belgrade rule is withdrawn from Yugoslavia as quickly as it is made. Even in these times some companies pay dividends of 300 and 400 per cent—to investors in France, Germany, England, Switzerland and Sweden. In one year foreign interests drained Yugoslavia of over 2,000,000,000 dinars of Yugoslav-created wealth.

These facts are secretly disseminated and, since the world economic crisis has strongly accentuated them, are widely known in Yugoslavia, especially in the cities. The masses of people in all parts of the country see that they are being separated from their

great natural resources, which could be the basis of a sound national prosperity. They see that capitalism in Yugoslavia and the rest of the Balkans and Eastern Europe is capitalism at its worst and that their country, along with Bulgaria, Rumania, Hungary and Poland, is drifting into the situation Russia escaped by having had a revolution against czarism and the racketeering of international finance.

The result of this realization is that the people (in most cases, in spite of themselves) have turned to the Left. Even comparatively well-situated persons who may be called petty bourgeois are beginning to feel that before long, in order to save themselves and their country from being totally enslaved by Western interests, they will have to overthrow their present rulers and dispense with the "friendship" of France and Great Britain and cease being a part of those powers' diplomatic-military-financial system.

One of the most important elements in the Balkan countries is the students. Of the approximately 25,000 young men and women attending the several Yugoslav universities, perhaps 75 per cent are Communists or Green Internationalists, and if not pro-Soviet, pro-Russian. Most of these students are peasant boys, forming the very important contact between the radical intellectuals in the cities and the radically inclined peasants. Only about 5 per cent of the students are Fascists, and the other 20 per cent are a passive, negative element. In Bulgaria about 85 per cent of university students are Communists, while only 2 per cent may be designated Fascist. In Rumania, Hungary, Austria and Poland, I am told, the percentage of radicals is somewhat lower, with a greater proportion of Fascists.

The intellectual youth in these lands is inevitably turning Left. There is

no personal future for most of them in their native countries under the existing system, and they cannot possibly emigrate in any great numbers. A Serb student in Belgrade who graduated in 1933 said to me: "The geographic and other boundaries that now so critically limit our opportunities to function according to our abilities must be broken, eliminated. I've decided that the only way is to revolt pretty much against everything that is and join the U.S.S.R., stock, lock and barrel. Then we will become part of a great power; we will enhance that power. We can spill ourselves over the great steppes of Russia, our mother, who will show those of us who remain here how to establish a new social order on the ruins of the old."

There is a small upper class in Yugoslavia which, of course, is in favor of the present situation. It includes high government officials and army officers, bankers and big business men, most of them newly rich, all of them direct or indirect beneficiaries of the "friendship" of Western powers. They are surrounded by minor political, military and financial factotums, to whose personal advantage it is to support the powerful. These together, forming no more than 3 or 4 per cent of the population, constitute the strength behind King Alexander's dictatorship, which—like the dictatorships in most of the other Balkan and East-European lands (now including Austria)—was necessary to combat the growing radicalization and the personal and patriotic desperation of both rural and urban masses.

These supporters of the Yugoslav dictatorship are the counterpart of ruling groups in other Balkan countries. They employ the same methods—terror and corruption. Their aims are the same. They serve the same foreign mas-

ters, except that Bulgaria, Albania and (to some extent) Hungary are afflicted with the "friendship" of Fascist Italy instead of that of France and Britain. Since in these countries the upper and middle classes and the kulak peasants form altogether less than 10 per cent of the population, the Balkans and East European Fascists can never develop any sort of mass movement like Hitler's or even Mussolini's. In Yugoslavia fascism has a meager appeal even to the petty bourgeoisie. But with their well-organized terror machines and terror-disciplined armies, equipped with money lent to them by foreign powers, such men as Alexander and Pilsudski and their camarrillas are exceedingly powerful and hard to overthrow despite the lack of general support. Their power and position will be in danger as soon as the present world crisis, of which Hitlerism, the recent French and Austrian upheavals and the explosive Far Eastern situation are mere symptoms, comes to a head in the inevitable next world war.

In Yugoslavia I asked peasants and city people: What about the next war? What will you do if, or, rather, when it comes? Not a few answered that they wished the war would come. It would be the end of everything that is. Revolution, chaos, then the new order. Others answered that all will depend on whom King Alexander will command them to fight. Many said they would be willing to fight against Italy or Germany, but not under any circumstances against the U.S.S.R. Remarks to that effect came to me even from Yugoslav army officers.

There is a story told in Yugoslavia which probably is not true, but it is none the less significant because it is told. It seems that the French General Staff, which has much to say in Belgrade, ordered a Yugoslav General,

who is a Serb but looks like a Frenchman and speaks perfect French, to go upon a secret intelligence mission to Russia on a French passport. He was in Moscow several weeks, looking things over, when one day a Russian stopped him and said, "Good morning, General ——" (calling him by his right name). The spy paled, thinking that his game was up. But the OGPU man smiled and said, "Don't worry, General. We knew you were coming before you left Belgrade. We have been watching you all this time. We know you haven't seen anything of importance. You may stay here as long as you like, or your superiors wish you to stay. We're not worried. We know that the Yugoslavs, like the Bulgars, will never fire a shot against the Red army no matter how often the French General Staff or King Alexander commands them to fight the Soviet Union. General, my humble bow."

Early in 1933, I remember, an official of the French legation in Belgrade dashed about Yugoslavia to determine if it was true, as was rumored, that the Yugoslav masses, especially the Croats and Slovenes, would not fight in a war supporting France, if it broke out (which then seemed imminent). Since then, it appears, France has discovered the truth of the rumor, and the bitter fact that she has helped Alexander to build up an immense war machine, capable of expanding to 2,500,000 men in a week, which is actually dangerous to the interests of France. The result is that for nearly a year now Alexander's terror régime has not received a centime of financial support from France or Great Britain. As for Bulgaria and Albania, Mussolini has discovered that they are as "ungrateful" to him as Yugoslavia is to France. France, moreover, has serious misgivings about the loyalty of Rumania and Poland. Czechoslovakia,

where industrialism and the bourgeoisie are better developed, is the most dependable member of the Little Entente.

In short, the powers are slowly dropping as a bad investment almost the whole of the Balkans and Eastern Europe, into which they had poured hundreds of millions of dollars in the form of armaments and real cash to help maintain the local terror machines. Only the industrial adventures are continued, for the reason that there seems to be no safer place to take them.

The various dictators, of course, realize what is happening. Consequently during the last few months we have witnessed royal visits back and forth in the Balkans. Alexander visited Kemal Pasha, Carol and Boris; then Boris went to Belgrade and there was a brilliant public reception at the depot; then Boris and Carol met on a yacht on the Danube; and so on. The superficial press reports described this love-making as great statesmanship on the part of Alexander, who was

given most credit for this sudden display of friendship. Actually, the whole thing was a matter of great desperation on the part of these rulers, especially Alexander, whose régime is the most brutal and hence the most hated by the masses. Since the great powers were palpably deserting the Balkan rulers, it was urgent for them to get together, for they know that if one is overthrown or assassinated, the others will go, too. Hence the hastily concluded treaties of friendship among the governments of the various Balkan States. Hence the utter ineffectiveness in late months of the Little Entente. Hence the strong response of the Rumanian and Hungarian ruling classes to Hitler. Hence, too, Pilsudski's recent conclusion of a non-aggression pact with Hitler—a direct slap at France and Great Britain.

In a word, the Balkans and Eastern Europe will bear watching, for though they are still kept tightly under the lid by the present dictators, an accumulated pressure may eventually blow the lid high into the air.

Frenchmen Who Want a King

By CHARLOTTE T. MURET*

SOME months ago listening Parisians heard the deep voice of the Grand Bourdon, the largest bell in the peals of Nôtre Dame. The Grand Bourdon, seldom rung, was announcing the birth of a Prince of the House of France, grandson of the Duc de Guise, pretender to the throne. Few of those who heard the sound of the great bell can have imagined that shots would ever again be fired in the streets of Paris to the cry of "*Vive le Roi!*"

Most Americans have been surprised to learn of the existence of a French Royalist party strong enough even to make itself heard. How is it that the idea of monarchy, which seems to us only a picturesque anachronism, has revived in France? As a matter of fact, it never completely disappeared.

Only sixty years ago, in 1874, France was on the point of restoring the old monarchy. The National Assembly elected after the Franco-Prussian War had a Royalist majority, and was prepared to bestow the crown on the legitimist pretender of the day, the Comte de Chambord. Henri V, as he was called, was one of history's strange and dramatic figures; no man ever came nearer to a throne only to lose it by his own act. Reared in the stern tradition of authority and reaction, he refused to abandon the White Flag of his ancestors in favor

of the Tricolor, which, although dear to France, was for him irrevocably associated with the Revolution. His refusal alienated the majority of the National Assembly, and led to the proclamation of the Republic as "the government which divides us least." By the end of the nineteenth century the Royalists were reduced to a scattered handful of personal followers of the Royal House.

The Royalists who are so active today are not descended directly from the earlier group, for the founders of the Action Française, as the Royalist party is called, were for the most part Royalists by neither birth nor tradition and were looked upon askance by the men of the old school. The new supporters of monarchy prided themselves on being political realists. They demanded a king not on sentimental grounds but for the sake of what they claimed to be the national need.

The party, which originated during the famous Dreyfus case, represented one of the two points of view that persist in France. The one is traditionalist and Catholic in its philosophy; conservative, authoritarian and nationalistic in its political and social aims. The other, which came to power with the great Revolution, is democratic, equalitarian, anti-clerical and inclined to internationalism. Under various names and circumstances these two philosophies repeatedly struggled for supremacy in France during the nineteenth century until the Dreyfus case split the nation into two camps. The democratic party triumphed and

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proceeded to disestablish the Church and to reduce the army.

Among the anti-Dreyfusards were some who were not content merely to attack the republican Ministers, but went on to condemn the régime itself. These men formed the nucleus of the Royalist party of today. It was they who founded a newspaper called the *Action Française* to carry on their propaganda.

How is it that the party is still in existence and noisily active, both in print and on the streets? In the first place, the leaders of the *Action Française* are men of unusual ability. Charles Maurras, the philosopher of the party, is one of the finest living masters of French prose. A Provençal, entirely Latin by race and tradition, he has the Latin passion for clarity and logic and combines an artistic and aristocratic temperament with fearlessness and aggressiveness. His dark, keen face, his piercing eyes, his look of perpetual harassed eagerness and quick, nervous movements betray the fanatic and the fighter. Because he is almost totally deaf he lives in a world apart, unaware of much that concerns him, for who will shout unpleasant things within an inch of a man's ear? Yet within his ivory tower, above the whispers of common life, his spirit burns with an almost superhuman fire.

Léon Daudet, the pamphleteer, is the son of the famous novelist. A bull-like man, powerfully built and corpulent, he gives an impression of tremendous vitality. The thunder of his stentorian voice could be heard even above the wildest tumults of the Chamber of Deputies. His vast culture and erudition, as well as his versatility as a writer—in addition to his political works he is the author of many novels and memoirs—bear this out. He is perhaps the best hated man

in France today, and one of the most feared, for he is a past master of invective and wields a vitriolic pen. Since in France ridicule can kill a career, Daudet's wit, often ribald and gross, but unforgettably amusing, has demolished more than one of the solemn figures of the Third Republic. Many Frenchmen read the *Action Française* merely for the cruel pleasure of seeing their friends succumb to Daudet's irresistible mockery.

Jacques Bainville, the historian of the party, is the author of a brilliant and original life of Napoleon and a remarkable history of France. His figure is youthful despite a shock of gray hair, and his eyes are large and deep. His taciturn and somewhat enigmatic personality always suggests melancholy. But of these three men his outlook is the sanest. Maurras and Daudet are in a measure fanatics, whereas Bainville, who is above all a historian, has a wider perspective. He believes in royalism; indeed, his books furnish it with historical arguments, but he advocates it with greater moderation and fewer illusions than his colleagues.

These men are sincerely attached to royalist ideas. With their marked talents, they might well have obtained power and fame in other fields; yet they have for years devoted their energies to a cause which seems hopeless. Curiously enough these advocates of authority and violence are theorists, not men of action. Not one of them has even the potentialities of a great political leader. Nevertheless, their authority and talent have given the *Action Française* an intellectual influence out of all proportion to its size and strength as a party. They have furnished it with a well-formulated body of doctrine, an advantage in a country where ideas are respected and sometimes arouse ardent enthu-

siasm. In this the Action Française differs from all other French parties except the Communists, since the various republican groups have been content to subsist on the general democratic tradition and have evolved no new philosophy. The basis of their program has been anti-clericalism rather than social or economic reform.

The Royalists, moreover, believe in the sacredness of property and of the family, in the value of religion and in the need of a social hierarchy. Hence they appeal to many moderate people, who feel that these things are imperiled by the present régime. One often hears men ridicule the aims of the Action Française, or condemn its methods, yet end their diatribe by remarking with a certain satisfaction: "But, after all, they do defend our interests!"

The Royalist criticism of democracy for its inefficiency and want of foresight also evokes sympathy in many quarters. When it is asserted that a government dependent on the popular will dares look no further ahead than do its short-sighted electors, and that the representatives of the people spend one year in thinking of the nation and three in considering their own re-election, many Frenchmen agree. In demanding that Parliament, which is the battlefield of parties, be replaced by a permanent authority which would be free to look to the common good because it would be independent of the vagaries of opinion, the Royalists appeal to a public increasingly discouraged and disillusioned by the results of democracy.

The Action Française, moreover, has made itself the spokesman of a chauvinistic nationalism, which always finds some support in a country that feels perpetually menaced by foreign foes. In particular such doc-

trines command the silent sympathy of many army officers. Though the French soldier has no vote and is forbidden to have political opinions, men of action who give their lives to the ill-paid service of their country and who are trained in discipline and obedience are apt to be impatient with endless parliamentary debates, and to long for an authority which can and will command. Although the ardent patriotism of the Action Française during the war sometimes rose almost to frenzy, it was so sincere and so often justified in its alarms and warnings that it gained respect even from the government.

Royalist doctrines resemble those of Italian fascism; indeed, the Action Française formulated all the ideas of that movement twenty years before the advent of the Black Shirts. Like the Fascists, the Royalists believe in the totalitarian State and in the sacrifice of the individual to the community. They tend to worship the State as the supreme expression of the nation, and are eager to personify both in one man. Maurras, the Royalist philosopher, speaks of the State almost as of a divine super-entity.

The Royalists are anti-equalitarian; they believe in leadership, in a hierarchy of power, based on an élite. They demand unity of thought and culture in the nation, and condemn tolerance as incompatible with that ideal. Those who do not share in the national culture must be excluded from the national body. Thus the Royalists are strongly anti-Semitic. In the economic field they would reorganize industry on the corporative plan, working along the lines laid down by a former Royalist, La Tour du Pin, who formulated the ideas of professional representation and industrial guilds long before the advent of the Italian corporative State.

Unquestionably these ideas have enabled the Action Française to enroll groups of young men in the organization known as the Camelots du Roi. These groups are largely recruited from the schools and universities and are trained along military lines. The Camelots are not numerous, but they are resolute and eager. For years they have been exchanging blows with the police whenever opportunity offered, and they are always ready to create such occasions. A wreath placed awry on the statue of Jeanne d'Arc has often seemed sufficient!

Why does royalism appeal to youth? In the first place, it offers a program of action to boys who nowadays too often see no definite future before them, at the same time that it fills them with a sense of being part of something larger than themselves. In return it demands of them the efforts and sacrifices which their youthful idealism is often eager to make. But the Royalists have other attractions. In France, even more than elsewhere, each generation rebels against the philosophy of its predecessor. Not to think as do their parents and professors is essential to many young men. The generation which is now in power is attached to a republican, anti-clerical tradition which still seemed advanced at the beginning of the century. Its sons, therefore, are quite apt to be attracted to ideas which respect religion and authority.

Youthful enthusiasm is most readily aroused by the novel and emotionally stimulating. Equal suffrage and universal education have lost much of their glamour now that they have become realities. Nor have they inaugurated the social millennium, as their fervent advocates once expected. The Republic, after sixty years of life, although it may be satisfactory to most

people, is no longer thrilling to the young. This feeling of disillusionment was expressed in a celebrated cartoon which showed the Republic as a rather blowsy and bedraggled Marianne, with the ironic caption: "To think that she was so beautiful under the Empire!"

It must not be forgotten that in royalism, as in fascism, there is an element of the picturesque, an opportunity for ritual and parade which appeal to youth. The Royalists do not want to be considered as romantic, but the vision of a king on a white horse surrounded by a group of loyal retainers in brilliant uniforms is rather seductive.

Most important of all, however, is the association of the Action Française with nationalism. Today the worship of the nation as a sort of prolongation of their own ego and of all that they love best—their homes, their habits, their ideas—has become for many men the only living cult. Particularly is this true of the French, who have long had a keen sense of the value of their own culture. To identify royalism with nationalism was a stroke of genius on the part of Charles Maurras.

Recent events have played into the hands of the extremists. France has grave problems to face today, both within and without. Her economic position is serious, and her currency is menaced. Inflation affords a fearful prospect to a country which has lived through it once, and where, moreover, nearly everybody has some small assets which are likely to be injured by unsound money. Abroad the growth of German power and the threatened collapse of Austria worry France, demanding a decisive attitude on the part of her government.

In the face of these facts the impatient struggles of the French Parliament and the corruption of some of

the politicians have caused growing anger and disgust. The two-party system as it has existed in Great Britain and America has never developed in France. The various parliamentary groups represent no fundamentally different philosophies, as did the Liberals and the Conservatives in England. Only in times of crisis can they put aside their bickerings for the sake of accomplishment; during the past year they have been unable or unwilling to do so.

Then there are certain defects in the present French Constitution. Under the Second Republic the Presidency proved to be a stepping-stone to power; the Third Republic therefore weakened the Executive as much as possible. The President of the French Republic is not elected by the people, but by the two chambers, and the Presidential prerogative of dissolving the chambers has not been used since 1877. As a result the lower chamber has an undue share of power, the Deputies being virtually masters of France. These facts had something to do with the unrest and riots which led to the resignation of the Daladier Ministry.

The situation being what it is in France, it is astonishing that royalism has not made greater progress. Actually, the Royalists have been hindered by their advocacy of a king. At present even authoritarian governments are creatures of opinion. Though they possess almost absolute power, they hold it by virtue of the general will, and should their prestige be undermined they could scarcely continue to exist. They are really democratic absolutisms, such as Caesar set up in Rome and Napoleon in France.

The leader of these movements must win the support of the masses, even as must the Deputies and Sena-

tors in a representative government. He is not likely to be a man of the Right, much less an hereditary monarch, but rather one who, like Mussolini, has had to fight his way to the top, whose personality has been both tempered and enhanced by the struggle, but who can still speak the language of the people. "Jean III," better known as the Duc de Guise, for whom the Royalists are clamoring, is not a man of this type. He is handsome, dignified and well bred, but he has always held himself aloof from public affairs and he would hardly arouse the enthusiasm of the populace.

Besides, the Royalist tradition, to which Maurras and Daudet so often appeal, is of doubtful value to the party. No one can tell exactly how much Royalist sentiment still lingers in France. No doubt in certain provinces, in parts of Brittany, and in Vendée, the old stronghold of reaction, traces of it can be found, as André Siegfried pointed out in his book on the French electorate. Many people still attend every year the solemn mass which is sung at the Expiatory Chapel for the souls of Louis XVI and Marie Antoinette on the anniversary of the King's death. Young girls from every part of France embroidered with their own hands a magnificent layette for the son of the Comte de Paris, and a bevy of them went to Sicily to offer homage, as well as the result of their labors, to the young Prince. Most significant of all, money has always been forthcoming to meet the needs of the Action Française. But this Royalist sentiment, touching as it is, is limited to a few, and the word "king" alienates many others.

The Revolution not only established civil equality in France; it also gave the land to the peasants. To them,

therefore, as well as to the industrial workers, all that savors of the old order seems dangerous. Advocacy of royalism has cut the Action Française off from other nationalistic groups, and so has prevented it from becoming the nucleus of a wider movement. In addition, because the party is on bad terms with the Vatican, many of the Catholics who would have been valuable supporters are hostile.

Since France is still largely a nation of peasant proprietors and small capitalists, her social structure is relatively solid. The temper of the people is, on the whole, moderate, and Frenchmen are highly critical in the domain of ideas. They may be swept off their feet by a burst of enthusiasm, but governments thus established do not last long. Finally, the economic crisis came late to France. It has not yet dispossessed the middle class, nor has it yet led to the disorder, the violence and the class warfare which make authoritarian rule seem a blessing.

While the Royalists have not succeeded in restoring the monarchy, they can console themselves with the

fact that the movement of which they are the advance guard did force political changes in France. The "little revolution" in February, 1934, scattered the pack of political cards which changing Ministries often shuffled but never replaced. The resignation of two successive Cabinets, which had received votes of confidence from the Chamber, and the creation of a government whose chief and several of whose members are not even in Parliament is an important event in French politics. France has at last obtained through direct action the government of national concentration for which she had been waiting a year.

Will the Royalists prove to have involuntarily helped the republic by warning her to set her house in order and mend her ways? Will they, on the contrary, by discrediting the parliamentary régime and resorting to direct action, prove to have inaugurated an era of violence from which the men of the Left may profit rather than themselves? The coming year will show. In the meantime the cry "Long Live the King!" has yielded to that of "Long Live France!"

The American Indian's Revenge

By OLIVER LA FARGE*

THERE is a new development in the Indian Country just now, a development as important as the disappearance of the buffalo or the Ghost Dance rebellion, and far more unexpected. Indians dressed in formal morning clothes, their pince-nez and brief cases indicating all the formality of the trained lawyer, long-haired Indians, their braids dressed with otter fur, the long fringes swinging from the sleeves of their buckskin shirts as their dark hands gesticulate in graphic motions reminiscent of the sign language, are discussing a program of Federal legislation. This program, and specifically the Wheeler-Howard bill "for the readjustment of Indian Affairs," has been put up to the tribes by the Roosevelt administration with the promise that its passage will not be pushed unless they approve it.

This seeking of the Indians' consent is a miracle in itself. Almost equally miraculous to one who has sat in on their councils is to hear the interpreters set forth legal terms and involved clauses in sonorous Navajo or the clanging Siouan languages of the Plains tribes, and to note the intensity and good sense with which old, "savage" warriors as well as younger, educated men discuss the measure.

What is the bill which arouses such excitement among 300,000 tribesmen? What is the answer to their comment

and query: "In the past you have told us of many measures for our benefit, and all have turned out to be devices for robbing us; why should we believe that this is not the same?"

The answer contains in itself also a summation of the government's intention, which affects white men only slightly less than it does Indians. For the first few hundred years of our occupation of this continent, we simply cleared the Indians out of our way. Then, as the Indians began to be crowded together in the West, we set aside reservations upon which we placed them, so that by 1871 they were almost all so settled, their lands and future existence guaranteed to them by solemn treaties "as long as the grass shall grow and water run." Not content with taking the whole United States from them by purchase and by open warfare, however, we then developed the allotment system, by means of which we could legally steal the remainder, and in the past sixty years have actually robbed them of two-thirds of their reservation lands—108,000,000 acres.

Today we are land-poor. The amount of our extra theft from the Indians just about equals the area which Department of Agriculture experts say must be retired from competitive farming. Our own greed is choking us. Today, also, we recognize as never before that paupers, devoid of the means of subsistence, are a drain upon us all. The importance of making all men self-supporting has become axiomatic. But by theft of land,

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maladministration, wanton and deliberate destruction of initiative and capacity for administration of their own affairs, we have produced already about 100,000 landless, homeless and hopeless Indian paupers; as many more cling to worthless remnants of unusable land, and the whole population of 300,000 Indians, with few exceptions under our present system, are threatening to become charges on the State and nation. As they become poorer and more wretched, the cost of maintaining them mounts steadily by millions of dollars. The nation as a whole pays through the nose for every injustice to a conquered people, while a small group of whites adjacent to the Indians makes a profit, so that to some degree the Indians have become the indirect channel for a very expensive handout by the whole nation to a favored few.

A ruinous excess of land, a mounting cost of maintenance, the pouring into our population of a broken and hopeless people—thus at long last the Indian begins to strike back. Our government, primarily engaged at present in making war on poverty, has of necessity become clearly aware of this situation, and so for once our own interest has created an opportunity for the friends of the Indian—among whom must emphatically be included John Collier, the present Commissioner of Indian Affairs, and the Secretary of the Interior—to get something done.

There is, literally as well as figuratively, a lot of ground to be covered. As has been said, the Indians were nearly all on reservations in 1871. They had then 155,000,000 acres, some of it pretty poor land, but by and large offering an adequate means of subsistence until they could become competent to make their way as independent citizens within our nation. All this land was "restricted," which

is to say, tax exempt and inalienable. The Indians themselves were all wards of the government.

Some of the hunting tribes, then and later, had to be fed on rations when the game disappeared, but the example of so extremely "savage" a group as the Apaches proved that when rightly handled they could readily learn to support themselves by farming and herding. The hunting tribes were capable of becoming what the majority of Indians already were—excellent subsistence farmers, able to make a living upon those "sub-marginal lands" of which we now wish to rid ourselves. All that was needed at that time was an intelligent system of education, by which they could learn slowly, under Federal protection, to handle the complications of our civilization and to guard themselves against our business ethics—that, patiently developed, and a little good faith on our part.

Neither was forthcoming. Our program of education for Indians, somewhat ameliorated in recent years, suggests to investigators that the children are being given a term of years in the reformatory for the crime of being born brown instead of pink. Dotheboys Hall would be a high-class academy in comparison. Between the schools, and our policy of arbitrary paternalism in dealing with the adults, we have wrecked all established systems of self-government and pushed the tribes steadily into dependence, helplessness and low standards.

Meantime, the empty country was filling up and the clamor for land continued among the whites. This was a period when we were all blissfully convinced that nothing was wrong with our civilization or our economic system, and that the greatest boon we could bestow upon an alien people was to make them just like ourselves. Our

Indian schools existed then, and to a lesser degree still exist today, for the purpose of stamping out of the children all memory of, or respect for, anything Indian. In the Eighteen Eighties various well-wishers, following a similar line of thought, evolved the quaint theory that if an Indian were settled upon 160 acres of land, allotted to him in severalty, that he would shortly acquire our acquisitiveness and general outlook on life, and in a short time—estimated generally at twenty-five years—become civilized. This theory suited the land sharks to perfection, and so the Indians' enemies and friends united to pass the allotment act of 1887, which was followed by other laws to speed up the process.

Before that act we had got hold of 20,000,000 acres of reservation land by persuading tribes to cede it, but that game was playing out. Now we put the population of as many tribes as possible on allotments of 160 acres per head. When this was done, there was generally from a few thousand to several million acres of reservation land left over. A fragment of this might be kept as tribal land, but the greater part was called "surplus" and thrown open to white settlement. The Indians were paid \$1.25 an acre, cash in hand, to spend in a brief orgy of prosperity and, usually, drunkenness. No provision whatsoever was made for future generations; no consideration was given to the unsuitability of thus breaking up timber or grazing land. By this method we secured some 40,000,000 acres in thirteen years. In the twenty-nine years from 1871 to 1900, we succeeded in taking from the Indians a total of 60,000,000 acres of the narrow landholdings we had guaranteed to them forever.

About 1900, when the "surplus land" racket was exhausted, we started

on the "liberation" of Indians. Under this system an Indian would be declared "competent," that is, no longer a ward, either out of hand or at the end of a period varying from five to twenty-five years, and would receive his land in fee patent, taxable, alienable, losable. Boundaries meant little to the average Indian, accustomed as he was to communal ownership of land and natural resources. He was vague about the difference between a friend's land and his own, or between Indian land and vacant public domain.

Nor had he much experience of money; a small sum seemed incalculable riches to a man who, perhaps, had never seen so much as twenty dollars at one time. So he would sell readily, and, after an orgy of spending, settle down as a squatter where he could, penniless and equipped with a lot of new vices. On the heels of those who wanted to buy land came hordes of the worst of our population to teach the Indian how to spend, and these in turn, anxious to see the Indians spending, would develop pressure upon the landholder to sell. Drinks, threats, every imaginable trick was used to separate the Indian from what he had.

At a recent council meeting, a Chipewewa youth summed up the process briefly and effectively. "Somebody talked me into selling my allotment," he said. "I did, and for the money I got me a car. And I got some liquor. And I was driving pretty fast, and I smashed up the car. Now all I got is the pants I stand up in."

If the restrictions—Federal wardship—have not been removed, or the Indian manages to hang on to his land, he finds himself in time surrounded by white owners. If he be in a timber or cattle country, his small allotment is worthless by itself, and there is nothing for him to do but lease it for

what he can get—a mere pittance—and live miserably upon that income. When he dies, the sharks will get his land, for under our present law it is usually compulsory to sell the "heirship lands," regardless of the condition of the market, and divide the proceeds among the heirs, who then arrive quickly at destitution. At the present date, 7,023,237 acres—what one might call "a year's crop"—of such heirship lands are liable to immediate loss, protected for the moment by a temporary order of the Secretary of the Interior.

In addition to the present heirship lands, the Indians have lost some 30,000,000 acres of land through "liberation" since 1900, the bulk of it since 1911, when the system really began to work. This is at the rate of about 1,300,000 acres a year—fast work, since the robbery in these cases had to be done piecemeal. Of the 155,000,000 acres we allowed the Indians to retain some sixty years ago, they now have about 47,000,000, most of which can be stripped from them by an aggressive Secretary of the Interior; much of which, under our present law, is already doomed. No tribes today are well off, and the most fortunate are those few, mostly in the Southwest, whose land has not been allotted.

I say no tribes are well off. In that connection let us get rid of the myth of "rich Indians." Vast sums of money have been credited to Indian tribes, from the sale of land, timber and oil royalties and other sources. Almost all this money must be regarded as capital, since it had been received in return for capital assets. Some of it was paid in cash to individual Indians, to spend as they pleased. Much of it, millions of dollars per annum, has been spent in maintenance of the Indian Bureau. In other cases, the construction of bridges and roads of value

to neighboring white communities has been charged to the tribes.

Today there are less than 2,000 "rich" Indians, mostly Osages, in Oklahoma, and their revenue and capital are dwindling. By giving them the money almost as fast as it came in, and turning them over to the guardianship of local white attorneys, the authorities permitted a disgraceful situation to develop. The insane expenditures made by the Osages under this guardianship have become proverbial. Fantastic prices, split between the guardian and the dealer, characterize purchases. It is significant that in many local courts, if an Osage gets drunk, he is given a stiff fine, but almost never jailed. This was once one of the finest tribes in the United States; today it is estimated to be about 70 per cent dipsomaniac, and the incidence of venereal disease is so high that in a generation or two, it is calculated, the great majority of its descendants will be in insane asylums or hospitals.

The rights and wrongs of our Indian system can be brought home by comparing two great groups of Indians, the Five Civilized Tribes of Oklahoma and the Navajos of the Southwest. The former consist of the Cherokees, Choctaws, Seminoles, Creeks and Chickasaws, all of whom were ruthlessly driven from eastern homelands and settled in Oklahoma, to own their own territory inviolate forever. Having started civilizing themselves before they were uprooted, and being well away from white men, these five tribes developed until in 1900 they had been for generations self-supporting, running their own Legislature, courts and government, abiding by their own Constitution, maintaining their own schools at a cost of \$400,000 a year. At that time they owned 17,000,000 acres of land and were fairly well off,

as may be seen from their school expenditures. Unhappily, having developed their civilization in solitude, they had not learned to deal with the white man's business and legal trickery.

Under pressure from the whites who had settled in increasing numbers within and around the Indian Territory, Congress passed a series of laws, culminating in the "Crime of 1908," by which these Indians were given, willy-nilly, the full benefit of the allotment system and in addition were deprived of Federal guardianship and put under the local courts. In 1908 101,000 allottees held 15,000,000 acres of land. Today, 12,000 are clinging to 1,500,000 acres, mostly not worth stealing; 72,000 survivors are homeless and destitute. At the present rate, less than 2,000 will still have any land by 1940. A great nation has been ruined, and a beautiful example of the Indian's ability to advance himself along the lines of the best in our civilization has been disregarded.

While the Five Tribes were building schools and publishing newspapers, whites and Indians alike were waging desperate war against the wild Navajos. Finally conquered and set upon their reservation in 1869, they numbered about 12,000 souls—"blanket Indians." A good 50 per cent of them are illiterate and non-English speaking today. Their desert home is so poor and so remote that there has never been a concerted attempt to steal any large part of it; instead, it has been possible for them to be given additional lands, until now they have almost enough for their population. There has been no serious attempt, so far, to allot them. Owning their territory in common, a method which Indians understand and administer excellently, and under full Federal guardianship, they had increased to 40,000 in 1932. Last year they sent

72,000 surplus sheep to feed the starving allotted Indians.

Their Tribal Council, first under the initiative of Special Commissioner Hagerman, then under Commissioner Rhoads and Mr. Collier, the present Commissioner, is developing by trial and error into a body capable of negotiating timber leases and handling such difficult problems as range control and road programs. If these people remain unallotted, and are allowed to continue developing discretion and administrative ability under Federal guardianship, in a generation or two they will be able to stand on their own feet; they will come into our national structure bringing with them the enrichment of their special gifts and qualities. But a little land hunger, an acquiescent administration in Washington, could pitch them into beggary and wretchedness along with the rest.

Unfortunately, the Indians do not solve the Indian problem for us by becoming extinct. Instead, turned loose and penniless, they drift into the lowest levels of our population via a short period of ready money, drunkenness and vice, or congregate in rural slums like some of those now extant among the Five Tribes—twelve individuals in one hut on a corner of land, earning \$3.50 a week cutting railroad ties, and paying \$1.25 of that to have the ties hauled to where they can sell them. The effect of such communities upon the surrounding white population is baneful, another element in the Indians' belated revenge.

What can be done about this? The Wheeler-Howard Bill, with its corollary, the Five Tribes Bill, to bring those Indians back into Federal protection, is the answer. This measure puts an end to the allotment system forever. It provides safety for Indian

land and Indian capital, the means of recapturing lost land for the destitute and of grouping remaining allotments into economically workable areas. From our white point of view, it means taking a large number of dependent people and making them self-supporting, with an increased area of land devoted largely to non-competitive subsistence farming. Further, it provides for the first intelligent system of Indian education that has ever been offered, partly by the practical method of guaranteeing to all tribes the ability to learn to run their own affairs, under Federal guidance, which the Navajos have recently been enjoying as a special favor. Incidentally, it means an immediate saving to taxpayers of a million or more dollars per annum in needless paternalistic outlay.

It is upon this matter that the tribes are debating and voting as these words are written. All of them who

understand it, and are not misled by the white opposition, will ask for its passage. But white opposition may choke it off. The interests who lease Indian land under grotesquely favorable conditions, those who despite our national indigestion from overconsumption of land still have stomach for more, those who hope to get their hands upon Indian funds, are organizing now to fight the measure.

For the first time in many years, all important organizations interested in Indian welfare are agreed in backing this program, standing united with the Indians themselves and with the present administration. Against them, very powerful, are those whose direct personal interest leads them to be willing that we should inject into our national bloodstream 300,000 paupers. Congress will have to decide whether the Indians shall receive justice at last—or be left to continue in wretchedness their long, slow revenge.

What Is the Army Worth?

By ELBRIDGE COLBY
Captain, United States Army

WHAT is the army of any nation worth? The answer depends on many things. One must consider not only an army's strength but also its character, its value in comparison with other armies and its relationship to the population from which it is drawn and whose interests it serves. One must know besides what is the foreign policy of the nation behind the army and how that nation regards the use of armed force for the attainment of national aims.

While it is not difficult to determine the foreign policy of a State, military policy is another matter. We never quite know whether statesmen at international conferences are merely discussing moral issues or really intending to enforce State policies at the point of the bayonet. Finally, a nation's plans for the use of its manpower and resources in time of war are never publicly stated, but may only be inferred from details known as to the strength, distribution and character of the armed forces. Nevertheless,

foreign policy and military policy are and must be in close accord.

Though a large, wealthy nation can afford a great and expensive army, a small nation may discover that it cannot stand the strain of supporting an extensive military establishment, unless it is to be used fairly soon for a pertinent purpose. Eventually the man who pays too much for burglar insurance goes bankrupt. But the gunman who intends to steal may well invest all he owns in hold-up weapons.

One other factor, since the beginning of the nineteenth century, has had to be considered in any analysis of military resources: the question of trained manpower. If a nation has compulsory military training, and calls up its discharged conscripts for periodic training, enrolling them in organizations that may be mobilized quickly, then the effective military strength of that nation is greater than the size of the standing army reveals. In the following table such nations are indicated by the letter "C":

NATION.	POPULATION	ACTIVE ARMY	PER 1,000 POPULATION	ARMY AND RESERVES	PER 1,000 POPULATION
The United States.....	124,746,573	135,015	1.06	445,453	3.57
The United Kingdom.....	46,109,000	445,041	9.65	1,140,987	24.74
France (C)	48,000,000	624,213	10.92	6,952,213	144.83
Italy (C)	44,566,968	460,539	10.33	6,345,539	144.63
Japan (C)	93,840,705	225,000	2.39	2,177,000	23.19
Russia (C)	165,700,000	841,400	5.07	16,004,000	96.58
Turkey (C)	13,660,276	133,000	9.80	665,800	48.74
Greece (C)	6,394,000	88,408	13.82	583,440	91.23
Yugoslavia (C)	14,300,000	136,199	9.59	1,689,723	118.16
Czechoslovakia (C)	14,916,000	158,000	10.59	1,647,000	110.42
Poland (C)	32,120,000	325,456	10.13	2,047,035	63.73
Germany	64,776,000	100,000	1.54	100,000	1.54
Austria	6,400,000	30,000	4.67	30,000	4.67
Bulgaria	6,000,000	20,000	3.33	20,000	3.33
Hungary	8,700,000	35,000	4.02	35,000	4.02

Most conspicuous, of course, is the relatively great armed strength of the nations on the Continent, both in actual figures and in the proportion of the population prepared for war. Except for the powers disarmed by the peace treaties, the nations with land frontiers are ever ready to mobilize standing armies and trained reserves for the defense of their threatened boundaries. The United States, which does not fall in that class, should be compared geographically with the island empires of Great Britain and Japan; all three, relatively remote from trouble, place their first line of defense, and much of their expenditures for armaments, in their navies.

Except for the disarmed powers, the United States and Great Britain alone forego compulsory military service. The reasons are various. Geographical isolation is important, though perhaps less than the deeply rooted Anglo-Saxon tradition of the use of militia for defense. Finally, the foreign policy of both countries has been one of peace. Great Britain, a nation of merchants, has always disliked war, which disrupts her trade.

Britain's active armed force, greater than that of the United States, can be explained by her proximity to the cockpits of Europe. But there is another reason. Time and again England has been obliged to undertake a "small war." Her commitments in colonies teeming with potentially dangerous natives, in mandates and protectorates, require a larger force than the United States needs to keep the peace in Hawaii, Alaska, Puerto Rico and the Philippines.

The United States, with the exception of Greece, Turkey, Yugoslavia and Czechoslovakia, and of the disarmed powers, has the smallest stand-

ing army of any of those listed. In Yugoslavia and Czechoslovakia, however, more than 10 per cent of the population is organized for war.

Two other countries must be considered: Japan and Soviet Russia. The latter, close to the danger spots of Europe, has nearly double the manpower of the former, and a far higher proportion of the population is involved in the war machine. In both Japan and Russia, compulsory military service is utilized for nationalistic education. Both nations are being industrialized. Both are relatively free from the threat of immediate foreign invasion and are therefore not so thoroughly organized as are the European countries. In actual military strength for a national war, Japan is the weaker in the figures shown; yet these do not include the Japanese navy, and give no indication of the transport difficulties to be faced on sea or land by any nation likely to attack the Empire of the Rising Sun.

Even with the many qualifying factors set forth above, the United States could hardly be called overarmed. America's population, wealth and natural resources would permit the maintenance of a far larger and stronger army without any risk of national bankruptcy. The smallness of the United States Army becomes more apparent when the figure of 445,453 for "Army and Reserves" is scrutinized. This total includes the 5,028 enlisted reservists and 119,485 reserve officers. While the corresponding figure for other nations includes reserve officers and enlisted men, organized into effective units, capable of mobilization without substantial enlargement, the American figure stands principally for a skeleton organization, which in time of war would have to be filled up with raw recruits.

The American Organized Reserves bear the names and are established in the home localities of the famous World War divisions. But these are mere shadows of what they were. How soon they could be rendered fit for service, fully recruited and trained—in 90, 120, or 180 days—is debatable. Whether their training would require the World War average of six months in a local cantonment, two months more in the theatre of operations and one month in a quiet sector of the front, depends upon the efficiency of their peace-trained officers as compared with the work of the officers' training camp graduates of 1917. Whether in the war of the future they would be of any use at all, depends not only on the duration of that war but also on the ability of the Regular Army and the National Guard to hold the line of defense, especially if there should be no "associated powers" to do it for us as there were in 1917-1918. In any event, it is apparent that for the United States, the strength of "Army and Reserves" is not comparable to that of other nations.

That the army of the United States is not only a citizen army and a peacetime volunteer army but also conforms to the American habit of expanding for war and reducing in peace is indicated by the following table. Some idea is also given of the manner in which the C. M. T. C. and the R. O. T. C. have trained American youths for the responsibilities of those World War officers who are now passing beyond the years for vigorous military service:

YEAR	REGULARS	NATIONAL GUARD	ORGANIZED RESERVES
1913.....	93,035	120,802
1918.....	715,423	434,409	1,059,361
1923.....	132,834	160,598	78,338
1928.....	134,505	176,988	120,016
1933.....	135,015	185,925	124,513

In this force the Regular Army pro-

vides, in the words of Elihu Root, "the mold of form and the guide of practice" for the whole. It is a highly educated army. Officers who hold the President's commission cannot expect to advance in pedestrian fashion and await the next war. Instead, they proceed from one service school to another, perfecting their knowledge and applying it in manoeuvres with actual troops. In 1917 there were many brigadiers with thirteen years of service; today thousands of lieutenants have had an equal length of service. When these officers are not perfecting their professional knowledge at schools or putting it into practice with troops, they serve as instructors with the National Guard and the Organized Reserves, or at colleges where military training is given. About 1,600 officers of the Regular Army are on this "civilian" duty, training young men for the reserve corps of the army. The Regular Army in addition provides garrisons for overseas possessions like Hawaii and the Philippines, as well as the Canal Zone.

In the United States proper the army has a strength of only 87,000, and of these only about 55,000 belong to combat units. The others are medical assistants, quartermaster clerks and so on. Since the Regular Army carries the overhead for the rest of the military forces, its strength as a fighting force, capable of immediate action, is materially reduced. Small wonder that the Chief of Staff, after pointing out that the army is trying to do the work originally planned for a force of 280,000, asked that, if even reasonable results were to be achieved, the army should be increased to 165,000 enlisted men and 14,000 officers.

Even such an army would be no threat to a foreign power. General Summerall, when Chief of Staff, did

not believe that the garrisons of Hawaii and the Philippines could hold these places against an invader—and the garrisons now have approximately the same strength as then. It is no secret that, if menaced from abroad, the defenses of the Panama Canal would require reinforcements. In other words, far from being an offensive threat, the standing army of the United States is hardly strong enough to fulfill the limited missions assigned to it.

Recently the organization of the army was altered. Four "field armies" were designated, with commanders on the spot to plan possible concentrations. Existing, scattered units are to be welded into an effective organization available at any moment for the defense of the nation's frontiers. In case of war the units of the Regular Army would move immediately to the threatened area and would be speedily reinforced by the National Guard. Behind this "holding force" the units of the Organized Reserves would be raised, equipped and trained.

In 1917 the army, with the regulars and the Guard, was able, as with the Civilian Conservation Corps in 1933, to enroll, organize, equip and move in three months approximately 300,000 men. Nevertheless it must be recalled that the organization of the CCC was accomplished by picked regular officers taken from their own units. The selection was so broad that in some instances every available man was taken. In the First Division, for example, 276 of the 403 officers were assigned to this duty. General MacArthur stated that the widespread use of regulars for CCC work brought regular army training in the United States "to a virtual standstill" and "almost destroyed the readiness of units for immediate and effective employment upon emergency duty."

The question immediately arises: If such an additional task "almost destroyed" the Regular Army units, how effective—even for defense—will the Regular Army be in an emergency involving a foreign enemy? During the early stages of mobilization it is calculated that, leaving out of consideration the National Guard, 80,000 officers would be required to handle the new troops. But there are only 12,000 officers in the Regular Army, 2,000 of whom are on foreign service. Thus 70,000 reserve officers would have to be used with the regulars in the initial stages, not with the reserve divisions which are scheduled for later mobilization. American mobilization would necessarily be slow, for present companies of seventy-five men would have to be brought up to 200 and seven reserve officers would have to be called up for each regular officer on the rolls. This characteristic of the United States Army is in striking contrast with the rapidly mobilizable armies of other nations.

Undoubtedly the army has suffered from the lean years of the Coolidge era, which was marked by rigorous cuts in appropriations. In fact, when submitting figures to the Bureau of the Budget under protest in 1923, Secretary of War Weeks declared that it must be clearly understood that the funds specified were not sufficient to maintain the existing military plant. As a result, buildings, roads, water systems and other installations at army posts were permitted to suffer in the interests of immediate economy, despite the obvious fact that this would result in accelerated deterioration and would involve increased expenses for repairs and replacements in years to come.

Equipment has suffered likewise from the policies of the economy years. To bring it up to date it is cal-

culated that the following sums of money would be needed:

Army housing	\$135,000,000
Mechanization	23,000,000
General motorization	39,000,000
Anti-aircraft equipment	33,000,000
Artillery modernization	35,000,000
Aircraft	39,000,000

In aviation the United States Army compares very favorably with other nations. The Coast Artillery, the Field Artillery and even the Infantry have given a great deal of attention to the third dimension in war. Anti-aircraft firing is practiced regularly, while on manoeuvres and on the march, in bivouac and in camp, formations that offer unfavorable targets to enemy attack are constant subjects of study and experiment. Strong numerical aerial armament is a defensive as well as an offensive measure. In crowded Europe, with close frontiers, bombardment of cities and essential war industries may be expected, especially since Captain Liddell Hart and General J. F. C. Fuller have been advocating the use of large squadrons of airplanes as a means of speedily ending a war. At the same time strength in fighting planes is regarded as the best defense against an enemy's bombardment planes, while bombardment planes themselves will be very useful against an enemy who must come a long way by land or sea.

American aerial strength is great because of the energy of the War Department. In 1923 the United States was notoriously weak in the air, both in commercial and fighting planes. A special committee created by the general staff for studying American needs suggested a well-rounded program, and though the recommendations of that committee were not adopted because of President Coolidge's economy policy, they were not without effect. Then came the Mitchell furor with its attendant publicity. A

special board headed by Dwight Morrow recommended in 1926 a five-year expansion program with the goal of 1,800 planes. Seven years later the general staff again took up the issue and a committee headed by Major Gen. Hugh A. Drum recommended a second five-year program, including the establishment of a mobile central unit of not more than 2,000 planes, in addition to those assigned to specific land units. This special force should be capable of concentration in four days in any threatened "field army" defensive area. The size of the air corps has thus grown from 8,524 in 1923 to 13,497 in 1933.

The army has been striving, once again in the face of reduced appropriations, for adequate motorization. Practically speaking, until recent years the army has been getting along with trucks belonging to World War days. Last November the Chief of Staff stated: "The total needs of the regular army for motorization purposes are 9,385 trucks and 279 tractors. For the National Guard aggregate requirements are about 19,500. Ever since the World War the American Army has not only failed to keep pace with trends toward increasing mobility in military forces but has actually retrogressed in this respect. Under the 1934 authorizations this deterioration will be accentuated." A year ago the army, limping about in rattling antiques, wept to see the thousands of new trucks purchased for the CCC.

Out of existing appropriations, however, the army has managed to squeeze enough funds to experiment with small motorized forces. Special units were first formed at Fort Meade and at Fort Eustis and motors have been substituted for mules in much of the army's transportation. A mechanized

"cavalry" regiment has been created which can fight from the vehicles, as distinguished from the tank which supports the infantry and the combat or armored car, which is a fighting unit in itself.

A motorized battery of artillery, hauling the 75s behind trucks and replacing the traditional caissons with trucks, operated at Fort Bragg, N. C., in 1932. In January, 1933, it went to Fort Ethan Allen, Vt., to test its equipment under conditions of extreme cold and then proceeded overland through the South and West to Fort Sill, Okla. Except at high speeds, this battery occupies less space on roads than a horse-drawn battery. It fires as accurately from pneumatic tires as the old type and costs less to equip. Moreover, when not working it has no voracious horses to eat up money in the form of oats and hay. In half the light artillery of the Regular Army and in all that of the National Guard horses are to be replaced immediately by these light motor trucks.

At the end of the World War the United States Army possessed 1,000 "light," or seven-ton tanks, and 100 "heavy," or forty-three-ton tanks. Though more than 90 per cent of these are still considered serviceable, their design is obsolete and their speed of four to five miles an hour does not meet the demand placed on tanks in modern warfare. Since 1920 the army has spent only \$2,000,000 for experimentation with tanks, as compared with \$23,000,000 spent by Great Britain in a single four-year period. The American tank force today consists of one tank regiment and one tank company. The regiment is equipped with tanks of the World War variety, but the company has an assortment of recent experimental types. We have seven medium-weight Christie tanks, fast and mobile, capable of quick and

decisive action over ground of varying roughness; some of these are with the extra tank company and some with the mechanized cavalry regiment. In actual number the United States surpasses all other nations except France in these military machines. This relatively high position, however, is deceptive, for other nations are superior to the United States if modernity is the test. Moreover, foreign powers have experimented with tanks in extensive manoeuvres far more than we have.

For American factories to swing into quantity production of the latest type of tank, twelve months, it is estimated, would be required. The War Department, though anxious not to overarm in this branch, does desire to equip two infantry regiments and one cavalry brigade with modern machines and to stimulate a constant, though small, production in order to familiarize industrial concerns with their manufacture, thus shortening the lag which would now inevitably result if such concerns were suddenly required to produce in quantity. Such an attitude is typical of the War Department: have enough to equip necessary units, have the process well understood, so that the few existing units could withstand an invading foe until the country was on a war footing.

Although each field artillery regiment has special equipment and training for the repulse of aircraft attacks, the Coast Artillery is specially charged with anti-aircraft work in protecting important areas, as distinct from the protection of troops. For this purpose the Regular Army has four mobile anti-aircraft regiments; in addition, there are ten in the National Guard and thirty-four skeleton regiments (officers only) in the Organized Reserves. Equipped

with three-inch artillery guns and with large-calibre machine guns, these units are trained to detect with sound-ranging devices, to find with search-lights and to destroy any enemy planes which may make major attacks upon our cities or coastal defenses. Work of this nature is new for the army, having been developed intensively since the World War. But its importance has become obvious with the developments in military and naval aviation.

This brief survey of the United States Army should make it clear that its whole purpose is defensive. The Kellogg-Briand treaties make it doubtful whether any nation in the future will risk the condemnation of the League of Nations and of the world at large by declaring war. Instead a nation is more likely to move suddenly, excusing its action by pointing to the need of self-defense. Perhaps such movements would never be acknowledged as acts of war. With hostilities beginning in this way instead of under the old rule of negotiation, ultimatum

and declaration, each country needs sufficient first-line defensive forces to hold back any foe while the nation mobilizes its manpower.

The American Army, by organizing its new "field armies," by its efforts toward perfecting the National Guard, by its work in training citizens as reserve officers and designating their assignments in case of war, by striving in the field of aviation, tanks and motorized troop movements to keep abreast of the times with its small standing force, does fulfill—so far as its financial support and numerical strength permit—its purpose by preparing for the defense of the nation and for defense alone. But the question naturally arises: Is not the American Army, in trying to handle so big a task with so small a force, attempting the impossible? Mobilization of civilians might demand so much of the army's strength that it would be unable to perform its primary purpose of bearing the brunt of the first attacks. To that question, however, the answer must be reserved.

New Pathways of the Air

By THURSTON MACAULEY*

AVIATION today stands at the threshold of a new era of expansion. In the thirty years since the Wright brothers on Dec. 17, 1903, made their famous flight at Kitty Hawk, N. C., flying has grown from a novelty into an industry. The first decade was like the first years of a person's life—largely experimental, learning first to crawl, then to walk and otherwise express one's self. But the second, with the World War as the crucible out of which modern aviation was formed, saw tremendous advances. So did the third, in spite of the lean years of economic depression.

Unfortunately, the product of the seed planted by the Wrights and nurtured by the war is again linked with fears of Armageddon. The airplane is pictured by both pacifists and militarists as an instrument for spreading death and destruction by new and fiendish poisonous gases and explosives. The next war, it is predicted, will be waged not in trenches but from above; fleets of powerful, long-range bombers will strike at the very heart of warring nations, leaving few if any survivors to cry out for truce. With the cause of disarmament dying, if not already dead, European countries are drilling their civilian populations against future aerial warfare.

A committee in England, in the belief that aviation under present conditions "will be a great destroyer," and that commercial aviation is already

suffering needlessly from political and economic restrictions, has attempted to work out a scheme for world air transport under international control, with a corresponding military air force for police duties. The committee's proposals, as set forth in *World Airways—Why Not?* call for the purchase of existing companies with funds raised through the Bank for International Settlements at Basle and for the formation of an international company under an international directorate of aviation. Such a company would have a monopoly of all main lines, but would receive subsidies from the nations that benefit from its services. Secondary lines would be operated by companies whose directors would be chosen by the international aviation directorate and whose equipment would be rented from "World Airways." The committee, after studying all objections, concluded that the scheme could be so worked that military aviation might safely be forsworn by all nations.

Meanwhile, however, new feats in aeronautics are being achieved throughout the world. In 1933 the British speed record of 406 miles an hour was raised by Italy to 423. A French airplane attained an altitude of over eight and a half miles and a Russian balloon ascended nearly twelve miles. The British non-stop distance record of 5,341 miles made during 1933 by a flight from England to South Africa was later broken by two Frenchmen, Rossi and Codos, flying 5,657 miles from New York to

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Syria. Kingsford-Smith flew from England to Australia in record time, which Ulm later lowered to less than seven days. One-eyed Wiley Post flew alone around the world on a northerly latitude in 7 days 18 hours 49 minutes. Two British airplanes flew over Mount Everest, the roof of the world, for the first time. James Mollison was the first airman to cross both the North and South Atlantic. General Balbo led an air armada of twenty-four flying boats from Italy to the Chicago World's Fair and back.

Less spectacular, perhaps, than some of these exploits, but of no less importance to the future of aviation, was the 30,000-mile survey undertaken by the Lindberghs for Pan American Airways of all possible air routes between the New World and the Old. That aerial Odyssey embraced four continents and twenty-two countries. Leaving New York, the Lindberghs followed the North American coast to Labrador, made a 4,000-mile tour of Greenland's coastline, twice crossing the ice cap, and, by way of Iceland, the Faroe and Shetland Islands flew to Scandinavia and Russia. After stopping in most of the capitals of Europe, they continued to Spain and Portugal, the jumping-off point for an equally meandering flight homeward: from the Azores, Madeira, the Canaries and Cape Verde Islands to West Africa, 1,875 miles out across the South Atlantic to Natal, Brazil, and finally north through the heart of South America.

"It surprised me how short a distance it is to Europe," Lindbergh remarked after his flight to Paris in 1927. At that time he predicted the beginning of ocean airways between America and Europe in from five to ten years' time. Now, nearly seven years afterward, his prophecy seems likely to be borne out.

Lindbergh's prophecy referred to a service of heavier-than-air machines, so that the German Graf Zeppelin, which, with the regularity of an express liner, has already completed its fiftieth Atlantic crossing, does not, strictly speaking, enter into the present discussion. Without in the least minimizing the impressive record of Dr. Eckener's dirigible, Lindbergh—many other air experts are of the same opinion—is firmly convinced that the future seaways will be flown by powerful seaplanes, new types of which are being developed in many countries. Airship development has been at a standstill in Great Britain since the loss of the R-101, and in the United States it received a serious setback after the Akron disaster. Germany, however, is building an airship, the LZ-129, even bigger than the United States Navy's Macon, which is at present the world's largest dirigible. The German ship, which is expected to have its trials and perhaps be put into regular service during the year, will supplement the Graf Zeppelin.

At least passing reference should be made to a combined airship and airplane route around the world, which is being studied by American, German and Dutch interests. Even now you can walk into a travel bureau and book a complete world tour in fifty-seven days, of which the Pacific crossing is the only part of the tour not covered by air, the South Atlantic being spanned in the Graf Zeppelin.

Sir Eric Geddes, chairman of Imperial Airways, announced at the last annual meeting in London that his company hoped in 1934 to establish, in conjunction with Pan American Airways, an air service between Bermuda and the United States. This line might be the first leg of the Bermuda-Azores ocean airways; the next will probably be a service from Europe to the

Azores, followed by the spanning of the long hop between the islands. The two companies most concerned in the immediate possibilities of ocean flying, Pan American and Imperial, are cooperating for the early realization of a transatlantic air service which will be mutually satisfactory and in the best interests of Great Britain and the United States.

It has been reported that Lindbergh will recommend to Pan American the use of a northern ocean air route by way of Greenland, when weather permits, with an alternative Azores route when conditions prevent flying the shorter, but less pleasant, northern one. This, incidentally, seems to bear out Sir Eric Geddes's remark in his 1932 report, concerning the prospects of ocean flying: "It may well be that the routes will change according to the season in the same way as the steamship routes do." Likewise, a working arrangement is said to have been discussed whereby Pan American and Imperial may cooperate in a circular transatlantic system, one taking the northern eastbound service and the other the southern westbound. The Arctic course is not only 500 miles shorter but has the further advantage of continuous Summer daylight, though the disadvantage of uncertain weather must be considered.

Sikorsky flying boats, which are now being built for Pan American's Caribbean service, are believed to be capable of carrying thirty-two passengers, plus a 1,000-pound mail and express load, a distance of 1,200 miles non-stop, or fifty passengers and a corresponding mail load 600 miles. For transatlantic flying, it is claimed that they will be able to carry 500 pounds or more in mail 2,500 miles non-stop against a thirty-mile-an-hour headwind. These machines are expected to have a cruising speed of 150

miles an hour. Probably the same type, or some subsequent development of it, will be used to open the Bermuda service, and later to inaugurate the North Atlantic airways with the first regular oceanic air mails. Such a service will lead directly to passenger travel.

While the United States has supported aviation through air mail contracts, Britain and European countries have generally given direct subsidies. As the first of the British Government's subsidy agreements with Imperial Airways will expire in two years, and another after three years, a Cabinet committee is already examining the question so that Britain's air mail policy may be redefined before the time comes to draw up new agreements. The government may decide, in the interests of higher speeds, to separate passengers and mails, or may support the present system of mixed loads, while requiring a more frequent service and regular night flying on the British Empire routes. At present there are only three long-distance services comparable to that of the Imperial Airways: The French to Indo-China, the Dutch to the Netherlands East Indies, and the United States Pan American system for South America. All these companies believe that a combined passenger and mail service insures the fullest development of air transportation.

While American and British interests have been considering together a North Atlantic air crossing, the French and Germans have been engaged in intense rivalry for the establishment of the first transatlantic air mail linking Europe and South America, by way of Africa. Victory in the first round went to Germany.

A hydroplane carrying German air mail reached Buenos Aires on Feb. 9,

1934, inaugurating a bimonthly six-and-a-half-day service between Stuttgart and Buenos Aires. Argentine business men were particularly impressed by this five-day service between Buenos Aires and Seville which the German Lufthansa has made possible. Ultimately it is hoped to reduce the time to five days from Germany and four from Seville. The first flight was made in three stages: from Stuttgart to Bathurst, British West Africa, then to Natal, refueling at the steamship Westfalen, a floating mid-Atlantic base. At Natal the mail was turned over to the Condor Syndicate, which has been carrying mails to Brazil for several years. A weekly service, connecting with the Graf Zeppelin, is planned between March and September.

The fastest commercial airplane in the world, the Lufthansa Blitz of the Heinkel H. E. 70 type, delivered the first South American air mail in Berlin on Feb. 12. The mail had taken 3 days 8 hours and 40 minutes to reach Tempelhof from Natal, a saving of approximately three weeks' time, which brings Rio de Janeiro closer to Berlin than to New York. So convinced is the Lufthansa of the success of its service that another steamship will be equipped like the Westfalen for service on the same route. The Westfalen has a drag sail to "smooth" the surface of the sea for safe landings, cranes to hoist the machines on board and a catapult for launching the flying boats in the air again. The ship is reached by a radio beacon system.

The French, on the other hand, intend to fly the 2,000 miles from Senegal to Natal non-stop. Recently their experimental seaplane, Croix du Sud, made the crossing in about eighteen hours, although another French machine flew from Dakar to Brazil last

year in fourteen hours. Since the French air concession in Portugal and the Azores has been canceled, France is now all the more anxious to retain expiring air mail contracts with Brazil, and hence will fight to the finish in her present commercial air race with Germany.

Italy, meanwhile, has been keeping a watchful eye upon the South Atlantic. Unfortunately, the first Italian air mail plane from Rome to Buenos Aires ended in a crash on the north coast of Brazil, with two of the four men aboard injured and the machine a total loss.

An abbreviated form of transatlantic flying has quietly been carried on for some time in the ship-to-shore service of seaplanes catapulted from the German liners Bremen and Europa. In four years of regular operation there has been only one serious casualty. The seaplanes have beaten the steamships to their destination by an average of nearly a day and in one instance by three days. By means of this service and the American transcontinental airways system, letters have been received in San Francisco in five days, sometimes even less, after being mailed in London! The success of the North German Lloyd and Lufthansa in this direction has not failed to impress other steamship companies, for the Cunard is reported to be negotiating with Imperial Airways to try the scheme on its own fast liners.

Unfavorable weather over the North Atlantic generally restricts the ship-to-shore air service to a few months—from May to September. The longest westbound flight last year was 735 miles. Such flights are made on the day before the arrival of the steamship or early in the morning on the day of arrival. In the eastbound service the plane is catapulted one day before the

liner calls at Cherbourg. If weather forbids a flight on that day, it is made to Amsterdam the following day. The mail is then carried by plane from London or Amsterdam to all parts of Europe, delivery being speeded up by one to two days. During the ship-to-shore flights the seaplanes keep in constant radio communication with the mother ship by a code two-way radio. Each machine carries about 450 pounds of mail, has a cruising radius, under ordinary weather conditions, of 800 miles and a speed of 125 miles an hour.

Not long ago world-wide interest was aroused by the announcement that the United States Government intended building an experimental Atlantic "seadrome" to test Edward R. Armstrong's plan for a chain of anchored landing places at intervals of 400 or 500 miles between America and Europe—the entire project to cost some \$30,000,000. For the past twenty years Mr. Armstrong has worked steadily on his scheme. Apparently, however, the plan has been quietly shelved, for nothing has recently been heard of it. If a transatlantic air route is to cost \$30,000,000 at the outset, it must await more prosperous days. Clarence Chamberlin, veteran of a transatlantic flight and the first to make a mail flight from a liner's deck, has summed up critical aviation opinion by stating that the

advance in plane and motor design in the last ten years had made the seadrome "aeronautically obsolete." The main objection to a seadrome is that, while it provides a landing place for land planes, the seaplane is more likely to be the carrier of air-borne ocean traffic.

Will the people take to transatlantic flying when it comes? Once the English Channel held terrors for the airman; today the number of passengers using the airways between London and the Continent increases steadily year by year. The important thing is that the stunt flying era has definitely ended, replaced by a new air age. The problem of safety is still an important consideration, although the percentage of accidents is remarkably low. Cost, also, will in the beginning be an item, though eventually there may not be great disparity between the fares of ocean airways and a first-class steamship passage. In any case, as the Graf Zeppelin has shown, there will always be a number who can afford to pay for the time saved in crossing the seas quickly. The first passengers will probably include many attracted by the novelty of a new experience and whatever notoriety they might achieve thereby, but in the end a regular and reliable means of transportation will be accepted—as the world always accepts its wonders—as a matter of course.

On the Narcotic Trail

By LOUIS RUPPEL

Deputy Commissioner, Bureau of Narcotics

IT is unfortunate that the American public is so little acquainted with the problem of narcotics and the work that goes on day by day to fight the illicit trade in drugs. Nearly every American schoolboy had an opinion upon the late lamented Eighteenth Amendment and the Volstead act, but were the average adult to be asked what he thought of the narcotic problem, his answer would be based upon the misinformation derived from so-called true story magazines or from sensational newspapers which delight in announcing that "four men and three beautiful young girls were arrested today when Federal agents swooped down on a lavishly furnished apartment in the exclusive Heights section of the city."

The unvarnished facts of the battle against drug trafficking are exciting enough, and no sensationalism is needed. Lurid coloring, moreover, is likely to obscure the facts or conceal them altogether. The Federal Government is confronted with a titanic and apparently endless job in fighting dope peddling, and if the public fully understood the circumstances of the crusade they might more intelligently aid the efforts exerted by Washington officials.

Most narcotics imported into the United States are necessary to alleviate pain and suffering. For a long time the trade in these drugs was unregulated, but on Feb. 9, 1909, a Federal law was enacted prohibiting the importation of opium, its prepara-

tions or derivatives, except for medicinal purposes. This act, amended in 1914 and 1922, contains the only Federal provisions for controlling the movement of narcotics. The Harrison narcotic act, passed on Dec. 17, 1914, taxed importers of crude opium and coca leaves, as well as pharmaceutical houses, druggists, physicians, dentists and veterinarians who handled or dispensed narcotics in their respective professions. This act, intended solely as a revenue measure, forbade the dispensing of narcotics to those addicts who were not medical cases, and thus made it profitable for illegitimate dealers to ply their trade.

The Federal Government's field agents responsible for enforcing the narcotic laws were greatly handicapped by the advent of national prohibition, for they were soon identified with prohibition agents, and where once they had received cooperation in their efforts to deal with narcotic bootleggers, they eventually found suspicion and closed doors. By 1927 the Bureau of Prohibition was established, and narcotic work was further hampered by being assigned to the same agency. Only when a separate Bureau of Narcotics was instituted in 1930 could the agents fighting the illicit dope trade begin to disentangle themselves from their association with the generally unpopular liquor sleuths.

The present task of the Bureau of Narcotics is to cooperate with the Customs Service to prevent smuggling of contraband drugs into the

country, and to eliminate illegal domestic traffic. The bureau also supervises and checks the trade in drugs by those who are permitted by law to engage in it. About eighteen months ago a drive was begun to induce the separate States to assume responsibility for the suppression of peddlers within their borders by enacting a uniform State narcotic law, so that Federal enforcement officers might be better able to devote their energies to dealing with the major sources of supply and the interstate traffic. But thus far only Nevada, New Jersey, New York, Florida and Virginia have enacted the measure into law.

The problem of suppressing the illicit trade within the borders of the United States consists principally in fighting the narcotic racketeer and his peddlers. Some petty criminal makes the mistake of selling a grain of heroin (probably 10 per cent heroin and 90 per cent milk sugar and quinine) to an agent. He is thereupon arrested, and, fearing imprisonment and the consequent shutting off of his personal narcotic supply, usually offers to "turn the connection" which sold him the drug in the first place. The "higher-up" is encountered and a sale of probably 100 ounces at \$90 or \$100 an ounce is negotiated—with marked money. When the purchase is completed this middleman is in turn arrested, and the search for the large-scale smuggler is begun.

But, as in the case of liquor enforcement, the man at the top, the syndicate boss, is hard to catch. A few years ago a guard watching a consignment of smoking opium worth \$500,000 was arrested, but he denied knowing what was in the packages or who had given him his job, and indicated that he would unhesitatingly tell a jury that a pair of strangers had

hired him to take care of \$500,000 worth of merchandise. Later this man changed his mind and pleaded guilty, and his confession resulted in the indictment of a large-scale smuggler, who, however, has never been arrested.

Narcotic agents have had their successes, on the other hand. In 1933, starting from a small "buy" from a female peddler, they worked through one connection after another to make ten arrests, and eventually discovered that Japanese morphine was entering the United States in false bottoms of drums of tung oil. Judah and Isaac Ezra, former British residents of Shanghai and one-time millionaires, were sentenced to twelve years each in a Federal penitentiary as leaders of the gang responsible for this smuggling.

Difficult as it is to gather evidence against major operators, it is sometimes still harder to convince our courts that severe penalties should be imposed upon the guilty. An agent in one judicial district may obtain a conviction and rejoice that a large-scale operator is out of the way for five or ten years (figures show that the criminal usually returns to his profitable racket), while in the neighboring judicial district fellow-officers of the law bemoan the fact that they have spent six months in catching an illicit trafficker only to find that the five-year sentence he received in open court has been reduced in chambers the next day to three years.

Last October, for instance, a Federal judge from the West sitting temporarily in an Eastern court sentenced one Max Gordon, alias One-Eyed Maxie, to five years' imprisonment. Maxie had been previously convicted three times for a total of eleven years, and this time had been arrested with a bag containing about six

pounds of gum opium. His attorneys pleaded that since in another case a culprit had been sentenced to only four years' imprisonment for having been caught with 1,000 pounds of opium, Maxie should receive better treatment. Despite the arguments of the prosecutor in chambers next day, the penalty was lowered and the report to the bureau in Washington contained the information that the presiding judge thought that "heavy sentences do not act as deterrents and for that reason the sentence was reduced to three and one-half years and a fine of \$1,000."

The narcotic agents in the larger cities must combat all forms of the illicit trade, but those assigned to rural areas are faced principally with the problem of the distribution of morphine by unethical medical practitioners. The medical profession as a whole, of course, aligns itself with the government, but as there have been lawyers disbarred and clergymen unfrocked, so have there been physicians imprisoned for violating the narcotic laws. With the careful check upon sales, the bureau soon learns when a doctor in a small community has purchased enough morphine to treat thousands of medical cases for months, and an inspector is dispatched to investigate the situation. It is surprising how often he uncovers questionable practices. One informer obtained from a doctor a prescription calling for two ounces of morphine sulphate, which is easily 3,500 medical doses. Another physician issued 400 prescriptions to transient drug addicts in the course of eleven months.

A jury is usually loath to convict a professional man, and if only one or two "buys" have been made by the agent or only a few prescriptions uncovered in the neighboring drug stores he is usually acquitted. The rural jury-

men no doubt know some of the addicts for whom the doctor has been prescribing, and feel that since "Sarah and Lem mind their own business and do their own work," there is little harm in their being relieved by their physician. Yet these same jurymen fail to realize that one addict makes another, and that the offending doctor in violating his Hippocratic oath has become a menace to his community.

It is sometimes difficult, even after a conviction, to have the authorities revoke a physician's license. In many instances, even before the agent's report of the arrest is received in Washington, a shower of protesting letters on behalf of the physician from outstanding citizens begins to descend upon the Bureau of Narcotics. There have been instances, moreover, in which Congressmen are enlisted to inquire into the case of an arrested physician or druggist, and recently at least thirty officials—Federal, State and municipal—hastened to the rescue of an arrested pharmacist. According to their letters, he was the community hero, a great humanitarian. They failed to realize that even were he such a high-minded individual, he had dispensed on prescriptions four times as great a quantity of narcotic drugs as all the other drug stores in the city put together.

The bureau finds itself handicapped in its work not only by lenient judges and short-sighted friends of convicted persons but also by the dissemination of misleading information. All too frequently men seeking public office seize upon the word "dope" for their campaign speeches, and shout about the widespread use of drugs by "high school girls and boys." A few dull youngsters have tried marihuana cigarettes (the sale of the hemp weed marihuana is not restricted by Federal legislation), but the practice is not

widespread, and the records show that few persons under 20 years of age use narcotics and that the average age of addicts is 32 years. Nor is it true, as a distinguished speaker recently declared over a national radio hook-up, that there are 1,000,000 drug addicts in the country. If there were that many, very nearly the entire world supply of narcotics would be needed in the United States. A more nearly correct figure is 100,000.

It is also repeatedly charged that drugs are largely responsible for crime, and about a year ago the League of Nations issued a document on "The Connection Between Crime and Drug Addiction." As a matter of fact, a major criminal is rarely an addict, and, according to figures furnished by Lewis E. Lawes, Warden of Sing Sing Prison, only sixty-eight of the 1,562 men admitted to Sing Sing during 1932-33 were users of narcotics. Warden Lawes explains further that most criminals addicted to drugs commit minor felonies, at the most, and are sentenced to county penitentiaries or city or town jails. The major criminals as a rule have only one interest in narcotics—and that is to sell at \$100 an ounce a drug that is often cut

seven, eight or nine times, as bootleggers cut liquor. In the legitimate trade, morphine sells at about \$10 an ounce, and heroin is forbidden.

Minor crimes undoubtedly are more frequent among addicts than among happier citizens, but this must be attributed to the addict's terrible agony without the drug. He is driven to petit larceny to obtain money to satisfy his craving, and is more to be pitied than regarded as a criminal menace. The Federal Government recognizes this fact, and an institution to house 1,000 habitual users of drugs is now being built in Lexington, Ky. Here will be sent those arrested for peddling narcotics and here also will be a haven for those who wish to rid themselves of the habit. This institution will be under the direction of the United States Public Health Service, as will be that now planned for construction at Fort Worth, Texas. By study and observation of the inmates, it is hoped a method of permanent cure will be developed, so that the number of these unfortunate people will not increase and so that the long and bitter fight against the illicit drug trade may eventually be brought to an end.

Good News From Broadway

By GEORGE JEAN NATHAN*

THE historian of the American theatre must recognize that it is today "news" on two grounds: first, because it has changed completely from what it previously had been, and, second, because at the same time there has occurred a very great change in the character of its audience and its drama. The American theatre, even so recently as seven or eight years ago, was a hybrid institution, appealing in part to the casual moviegoer as well as to the more definite theatregoer. Its dramatic fare was generally such as to satisfy—or at least to attempt to satisfy—the tastes of both, equally and simultaneously. Accordingly, the result, more often than not, was the inevitable one of trying to sit on two stools. Neither the moviegoer nor, more important, the theatregoer, was propitiated.

The consequence was soon alarmingly evident. The moviegoer who had been accustomed to attend the theatre intermittently gave up the theatre entirely. And the theatregoer, hitherto in the habit of attending more regularly, gave up the theatre to a considerable degree. There came about, naturally, a collapse of the theatre business, the statistics of which are already sufficiently and grievously known.

At this juncture the theatre in various of its component parts—man-

agers, producers, dramatists, actors—necessarily had to take stock of itself. Was it to die, or was it to live? And out of this stock-taking there was born the new theatre—or at least the beginnings of the new theatre—together with the new audience and the new drama.

What is this new-born theatre? It is a theatre that has had imposed upon it the necessity of abandoning in major part what may be termed the fifty-fifty drama, that is, the drama designed to appeal to the half-movie-minded, half-drama-minded audience, and the equal necessity of sponsoring at least some faint approximation to what may be called the hundred per cent drama, that is, drama that shall appeal to the relatively superior intelligence of the simon-pure theatregoer. That plays are still produced from time to time which are subsequently purchased by the motion-picture people for film purpose has no other significance than the motion picture people's belief that fifty-fifty motion pictures (half movie, half drama) will appeal equally to moviegoers and theatregoers, and hence draw a portion of the latter into the screen parlors. The motion picture people will undoubtedly learn their sad lesson in due time, just as in the analogous direction the theatre learned its sad lesson.

The theatre has realized that it can no longer offer its customers, at \$2 or \$3 a head, the kind of drama that they can obtain in the film houses for from 30 to 55 cents. The motion pic-

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ture people will come to realize that a mere second-hand repetition of theatre drama at any price will not long satisfy customers of an entertainment medium that depends, above everything else, upon surprise, shock and novelty. It is as commercially foolish to show theatre drama in film houses as it would be to show films in dramatic theatres. For what makes big money in the film houses has been demonstrated in the general run to be either stories written directly for the screen or plays brought over from the theatre and so altered for screen purposes as to be barely recognizable.

Having regained its birthright—not without a hard struggle with itself—the theatre has set about considering what has happened to it. It has found, first, that it now has an audience, still limited, that must be met on terms quite different from the heterogeneous, larger audience of yesterday; second, that its drama, to be successful with that audience, must be a drama different from the drama of yesterday; and third, that it has already begun not only to meet the new audience on the required terms but that it has also evolved, at least in a measure, a drama that is other than the drama of yesterday.

The new theatre audience is a particularized audience, or, in the vulgar expression, a class audience. It is an audience that has guaranteed the success of such dramas as *Strange Interlude* and *Mourning Becomes Electra*, the mere excessive length of which would unquestionably have foredoomed them to failure with the mixed and impatient theatre audience of past years. It is an audience that has utterly no use for the smut so favored by the old mixed audience, as witness the overnight failure of such recent filth as *The Stork Is Dead*, *Love and Babies*, *The Great Magoo*

and *It Pays to Sin*. It is an audience that demands of a dramatist that he no longer condescend to it in the slightest degree, but meet it on its own intelligent and experienced emotional level.

By virtue of this demand, there has come over our theatre drama such a metamorphosis as, some years ago, would hardly have been dreamed possible, even by the most optimistic critic. These years ago the three cardinal articles in the catalogue of successful dramatic hokum were *Mother*, the *Baby* and the *Flag*. Today they are guarantees of ridicule and failure. Let a playwright attempt to coax an audience's sympathetic reaction with any one of them, or even with all three rolled together, and the neighing of the horses attached to the storehouse wagons outside will drown the audience's ribald laughter. *Mother* in the new drama is no longer the silver-haired angel she arbitrarily always was in the old drama; she is a human being with all a human being's faults as well as virtues. *Baby* is no longer invariably a little bundle of sugar; baby is often just a plain out-and-out brat. And as for the *Flag*, even its hitherto uniformly successful capitalizer, George M. Cohan, has been derided out of waving it.

The new drama, whatever its deficiencies, is and must be an honest drama—honest with its audience and honest with itself. Consider, for example, the matter of what have been known antecedently in the theatre as sympathetic characters. Up to very recent years one of the main demands made of a dramatist was that he make his central male or female figure a sympathetic person; that is, that the attributes and conduct of the character be such as to gain the respect, affection, commiseration and *rapprochement* of the audience. The demand was

such an imperative and arbitrary one that, in the whole history of successful American box-office drama, there was not a single play that violated the injunction. In only one such play in that history, indeed, was there even a minor character not sympathetic that momentarily contrived to gain the sympathy of the audience, the character in point figuring in the Armstrong-Mizner play, *The Deep Purple*, and acted, incidentally and significantly, by the late Jameson Lee Finney, an actor personally very popular with the audiences of his day.

With the great change that has come about in the audience, intelligence, truth and honesty in character portrayal are insisted upon, let sympathy go where it may. What the new audience wants is not necessarily sympathetic characters, but veracious characters. As a consequence, some of the plays most highly endorsed in the theatre today are plays with central characters that would have been hissed out of the theatre in other years.

Under the new dispensation, in point of fact, most of the old dramatic rules for success are passing into the discard. Even suspense, a quality without which no play could achieve box-office success ten years ago, is no longer absolutely vital to prosperity with the new sophisticated audience, as witness, for instance, *Green Pastures*. The mere quality of suspense—that is, nervous anticipation and anxiety as to succeeding dramatic events—has been dismissed as an absolute dramatic necessity. So with the majority of the other old rules and regulations. There is probably not one of them that cannot profitably be broken.

The new audience does not give a hoot for the so-called happy ending in itself. It demands, instead, a logical ending uncorrupted by sentimentality.

It has no longer any prejudice as to dramatic themes; any theme under the sun will be accepted if it be ably treated by the dramatist. Some years ago the theatre insisted that a clergyman be presented always as a more or less noble creature; nowadays, he may be presented in any light consistent with realism. Formerly, the handling of religious and racial themes had to be negotiated with extreme tact; today any forthright handling is tolerated, so long as it be honest. Touchy subjects, that is, subjects dealing with certain abnormalities of mankind, were once taboo; now they are anything but touchy, just so long as they are competently treated. Consider, for example, the success of *The Green Bay Tree*. Consider, as well, J. B. Priestley's *Dangerous Corner*, which ran for half a season last year and which contained a character and scenes which, in the theatre's immediate yesterday, would have inflamed an audience's moral ire. The great success of a play like Noel Coward's *Design for Living* would have been an utter impossibility ten years ago.

Consider, further, the manner in which the new attitude of audiences has affected even actors and actresses. Not many years ago any popular woman star knew that she would sacrifice her popularity if she confessed to a sufficient age to show herself in a rôle which presented her as the mother of grown children. Still believing, indeed, that the theatre audience was the same old audience of their earlier days, several of the most conspicuous women stars a few seasons back peremptorily rejected the idea of playing the leading rôle in St. John Ervine's *The First Mrs. Fraser*, on the ground that they did not dare risk losing the affection of their audiences by appearing as mothers of relatively advanced age. Among these actresses

were Miss Ethel Barrymore and Miss Laurette Taylor.

Miss Grace George, with considerably more sagacity as to the education of even the new popular taste, then undertook the rôle and scored one of the biggest theatre successes of her career. It is safe to venture that in the future neither Miss Barrymore nor Miss Taylor—nor any other mature woman star—will longer doubt that there is a new and greatly altered audience in the American theatre. The day of merely pretty rôles is done. A favorite actress is no longer a favorite simply on the ground of theatrical glamour and illusion; if she is to retain her favor, there must be, above all else, artistic bravery in her, and honesty as to the rôles she plays, and evidence of advancement in her profession. Few of the kind of rôles that made actresses audience-pets in the time of Charles Frohman will today avail an actress who desires to keep her hold on the new audience.

Gone, too, is the cigarette-picture ingénue—gone, doubtless, for good. The young woman who chooses the stage for a career must nowadays be much more than a sweet and cunning young thing; she must give evidence of acting talent. A glance at the younger women on the stage at the present time, along with a reflection on the general run of ingénues in other years, clearly illustrates the difference in audience predilection. In these latter-day young women one finds, aside from any personal comeliness, traces of real ability.

The new, intelligent audience, further still, is dramatically shock-proof. You cannot shock intelligence in the theatre; you can only disgust it. Thus, when some throwback of a producer seeks to shock with some cheap example of so-called daring drama—and through the shock capitalize the box-

office—he succeeds only either in affronting the audience or putting it to sleep. Not a single play of this species produced in the theatre in the last half dozen years has drawn enough trade to keep it alive.

With the better grade of so-called daring drama, intelligent interest has supplemented the older sensational interest. *The Captive*, which was censored off the stage, owing to audience protest in various quarters, a half dozen years ago, would unquestionably be unmolested by the present-day audience or by the authorities operating in its behalf. In the last two years not one play has been censored by the authorities on moral grounds. The authorities, like the new audience, have also experienced a change in viewpoint and attitude. As a result, the theatre, being an honest theatre, is now a cleaner and more decent theatre. Where once it smirked and licked its lips, it now speaks the truth openly; and open truth is pretty generally clean.

The old American theatre, in short, is as dead as a door-nail. Its triviality, its hypocritical morals, its hybrid audience and its obvious, gold-digging box-office are things of the past. Though the new American theatre, with all its ambitions and hopes, for all its great step forward may be still far from the top of the celestial ladder, it is climbing hard and steadily and unmistakably. If ever it slips back, it will be done for.

We come now to a consideration of the economic side of the present-day theatre. That it is in a more healthful financial condition than it has been in some years is evident to even the casual observer. The reason for this, paradoxically enough, is the late depression, which turned out, so far as the theatre was concerned, to be a real blessing in disguise.

In the first place, it put a stop to the idiotic building of new theatres, all so unnecessary as to be foredoomed to failure. Secondly, it brought about the end of absurdly high theatre rentals, which frightened away even the bravest of experimental producers and the most eager producers of better-grade drama. It brought about a reduction in the often exaggerated salaries of actors, and so further gave a better gambling chance of success to enterprising dramatic producers, and it cut the overhead in the business and managerial departments. Finally, it gradually began to convert the theatre from a mad roulette wheel into something approximating a sound and legitimate business run on at least relatively sound and legitimate principles.

The great reduction in weekly theatrical rentals—in certain cases the reduction in New York has amounted to as much as \$3,500 on a previous \$4,000 weekly rental—has, of course, attracted a proportion of fly-by-night and ignorant producers, with their fly-by-night and ignorant dramatic throwbacks to an earlier and meritless period of the theatre. But, with the new and higher audience demands, they have not lasted long and have largely been driven from the theatrical temple.

The depression also eliminated the so-called theatre guarantee, that is, the necessity for an independent producer to guarantee the owner of a theatre a definite, fixed sum—usually very high—for a certain number of weeks and covering the lofty rental of the theatre. This system weighed severely upon the independent producer's available resources; it demanded of him a capital investment much greater than was logically reasonable; and it naturally induced in him, assuming he was a fellow of de-

cent dramatic aspiration and ideals, a measure of trepidation. And it was instrumental in making the production of the finer and often uncommercial drama a dangerous hazard. The result, in general, was a tendency on the part of independent producers to take a chance only with the kind of plays that seemed to have box-office possibilities. Real merit soon became a matter of diminished consideration.

With the tremendously reduced rentals and the disappearance of the insisted upon guarantee—sometimes demanded, in part, in a cash advance—the independent producer of standing has found the way cleared for the exercise of his dramatic ambitions. More, a good play, that may not get off any too well at the start, now is in a position to have some lease of life afforded it, where in former days, if it did not pay at the very beginning, it was doomed to be closed, and promptly.

A glance at the situation at the height of the Winter season of 1933-34 quickly discloses the vigorous commercial state of the theatre. O'Neill's *Ah, Wilderness!* after months of great prosperity, was still playing to capacity audiences and, from all indications, would continue for the rest of the season. Maxwell Anderson's *Mary of Scotland*, another big success, was playing to a weekly gross of \$24,000. The revue *As Thousands Cheer*, an enormous financial success, was getting almost \$30,000, and the *Ziegfeld Follies* considerably more than that. *The Green Bay Tree*, after one hundred performances, was still playing to a profit, and *Her Master's Voice*, the little Clare Kummer comedy, was taking in \$14,000. (All this some time after the customarily much more prosperous holiday weeks.) *Men in White*, which had been running for months to excellent business, was at

the moment still drawing \$14,000 weekly, a remarkable record for a production made by what is, after all, a semi-amateur producing organization, to wit, the Group Theatre. *Murder at the Vanities* was still profitable after many months—in a recent week it had drawn more than \$16,000; and *The Pursuit of Happiness*, an inexpensive little comedy, continued after a considerable run to return a nice surplus to its management.

Roberta, after two months, was getting \$23,000 weekly at the box-office; and the big success, *Sailor, Beware!* was still—after several months of unbelievable trade—showing a very high weekly profit. Both these pieces promised to continue into the late Spring. *She Loves Me Not* was proving a veritable gold mine for its producers; in the week in which these statistics were set down it grossed more than \$23,000, which—as in the case of *Mary of Scotland*—is very nearly a musical comedy intake. *The Lake* had played to \$24,000 in the first week of its engagement, despite a very unfavorable critical press, and to \$18,000 in its second. And *Double Door*, about to conclude its New York run after a

prosperous engagement of three and a half months, had turned in a very handsome gain.

More important is the revivification of what is known in theatrical parlance as the road, that is, the theatre outside New York. Not only is there unmistakable evidence of a renewed hunger for the legitimate theatre in the thitherward cities, but even in the overgrown hamlets the inhabitants are displaying a keen appetite for the plays that, after these many years, are again occasionally coming their way. The tremendous success of *Green Pastures* in the small towns of the South—which have always in the past been poor audience material—is a straw which shows the changed wind. Katharine Cornell, on a tour to the West Coast with *The Barretts of Wimpole Street*, has played to standing-room-only business. And towns and cities which for the last eight or ten years have turned a chilled shoulder to the legitimate stage in favor of the motion picture screen are beginning to return to their first, early love. The Broadway barometer indicates, as well, the changing barometers elsewhere.

Current History in Cartoons



Nurse—"Shucks, now, you ain't gone and forgot your ma, have you?"
—St. Louis Globe-Democrat



In spite of all it still remains
—Philadelphia Inquirer



Due for a ducking
—St. Louis Star-Times



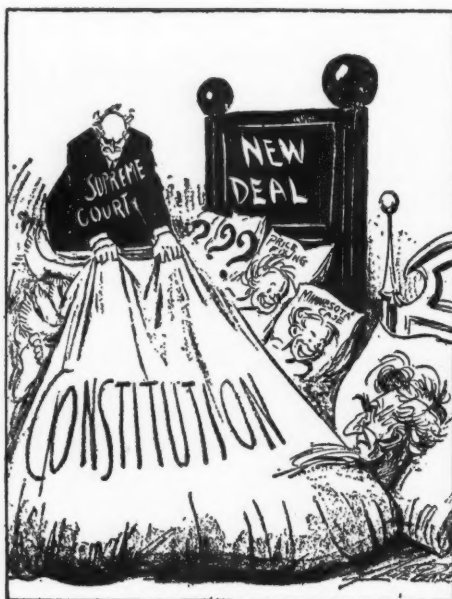
"Where's that darn cat?"
—Louisville Courier Journal



Now let's have that barrel, please
—*New Haven Evening Register*



General Johnson—"He isn't blind, he just
doesn't give a damn"
—*St. Louis Post-Dispatch*



How far can it be stretched?
—*Newark Evening News*



A none too generous gesture
—*The Sun, Baltimore*

**"Under a spreading
chestnut tree,
The Pillage Smithy
stands,
The smith a mighty
man is he,
With broad and
grasping hands."**

[illegible]

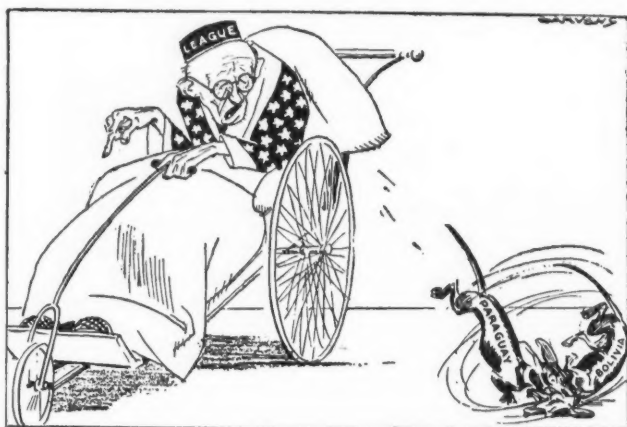
Little Disarmament—"Nobody loves me. I'll never grow up!"

—*News of the
World, London*



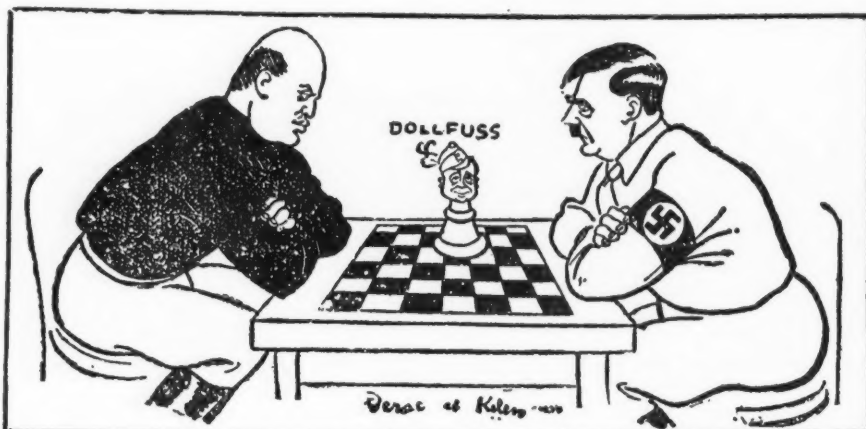
The three most frequent gestures in modern Germany

—*Humanite*, Paris



"Fido, stop that at once!"

—*Kladderadatsch*,
Berlin



A game of chess

—*Petit Parisien*

A Month's World History

Signs of Hope in European Affairs

By ALLAN NEVINS

Professor of American History, Columbia University

IN the sphere of international relations there have recently been four important events: the signing of the Pact of Rome by Italy, Austria and Hungary; the publication of both French and German views upon disarmament; the definite and practical discussion of Soviet Russia's entrance into the League of Nations, and the signing of the new non-aggression treaties by Russia with Estonia, Latvia, Lithuania and Finland.

These events have an obvious interrelationship, though the true meaning of all four is not easy to disengage. Possibly a gloomy view should be taken of most of them, and the developments of the last weeks be regarded as on the whole unfavorable to European peace. It is equally possible, however, to view them optimistically, and to believe that ground has been gained.

On the whole, the optimistic view seems the better grounded. The gloomy interpretation of present-day events in Europe rests upon a feeling that the League is steadily being broken down and made a tool of a few great powers, and that the old system of armed alliances, glowering at each other in mutual hatred, is being reconstituted. According to this interpretation, the new entente between Italy, Austria and Hungary is simply a combination reared in hostility to Germany, an Italian scheme to prevent Hitler from

swallowing Austria and forming a Balkan bloc under Nazi leadership. (See Professor Ogg's article on page 238.) The pessimists point to the suspicion with which Paris regards the pact, the marked dismay it caused in Berlin, and the sharp condemnation by the Little Entente of a group arrangement in which it had no share. By the same interpretation, Russia's activities are sinister. It also is trying to form a bloc or group inimical to the original League idea. As for disarmament, it is left virtually dead by the latest notes.

But this is not the opinion of the best judges of the contemporary European scene. It seems more reasonable to believe that the Pact of Rome will, for the most part, have beneficent political and economic results; such is the verdict, for example, of the *London Times*. It has already done much to ease the tension in Southeastern Europe, and it certainly promises a freer exchange of goods over a considerable area of the Continent. The Little Entente, at first uneasy, has been reassured, and apparently even approached with proposals for coöperation. As for Germany, no one outside the Reich will regard the checkmating of her designs upon Austria as a calamity. Disarmament, to be sure, is a sad topic. But there yet remains more than "a glimmer of hope," as Captain

Anthony Eden told the House of Commons on March 14, for the eventual success of a convention. And the treaties signed by Russia merit all that M. Litvinov said of them on April 4 when those with Estonia, Latvia and Lithuania were made public. (The treaty with Finland was signed on April 6.) Though only renewals, until 1945, of existing non-aggression compacts, he hailed them as a contribution to world peace.

Particularly encouraging is the possibility—now at least on the plane of practical politics—that the Soviet Union will enter the League. It has emerged at the very moment when Mussolini was renewing his highly unfortunate predictions that the League must submit to either radical revision or destruction. Speaking in Rome on March 18, he said that if the effort at disarmament fails “there will be no need to reform the League, for that will be sufficient to sign its death certificate.” Though Russia’s entrance may be still distant, several governments have already sounded Moscow on the subject and exchanged views. France is understood to be taking a leading rôle in promoting the plan. M. Litvinov is reported favorably inclined. Russia would, of course, despite probable Polish opposition, have a permanent seat on the council.

Meanwhile, it is gratifying to record that the world has staggered through another month without new wars, international or civil. The threat of a Russo-Japanese conflict continues to recede. Various military experts had fixed the last days of March as the probable date for the opening of hostilities. Instead, April found officials in both Moscow and Tokyo declaring that another critical period had been safely passed, that the railroad dispute between the Soviet Union and Japan seemed on the way to peaceful

settlement, and that each side had too wholesome a fear of the other to take rash steps.

Late in March quiet returned to Austria. A new constitution was being drafted on Corporate State lines, while Chancellor Dollfuss was trying earnestly to conciliate the Social Democrats. The threatened crisis in Spain fortunately failed to come to a head. Week after week it was reported that the republic faced a coup d’état from two sides—the monarchist and clerical elements on one, the Socialist-Anarchist groups on the other. But Señor Lerroux peacefully reconstructed his Cabinet, making only three changes, in a way which strengthened it against both dangers. Dire forebodings of the future also persist in France, but the month was one of general peace, with Premier Doumergue making vigorous appeals to national patriotism and solidarity. Only in South America, where Bolivia and Paraguay continue to wrestle for the Chaco, has blood been spilled.

ARMS AND SECURITY

The deadlock on disarmament continued throughout March, and the various governmental exchanges upon the subject merely defined the opposing points of view more sharply. Last month the “grand tour” of Captain Anthony Eden was chronicled in these pages, and the fact recorded that, while in Berlin and Rome he found sympathy and expressions of readiness to proceed on the basis of the British memorandum, Paris remained hostile to his proposals. He reported to the House of Commons on March 14 that the root of the trouble lay in “mistrustful apprehension” on the French side and in “aggravated impatience” on the German—facts which it needed no grand tour to reveal. He added that if the Disarmament Con-

ference failed, every country would have to review its armaments. This reinforced Stanley Baldwin's statement of March 8 that unless an agreement could be secured Great Britain would have to attain parity in the air by building up to the level held by any power within striking distance.

Captain Eden's report prepared the British public for an unfavorable French reply. Unquestionably all intelligent Frenchmen see, as Britons and Italians have been frankly stating, that Germany cannot be kept in a position of gross inferiority in armaments; that her rearming is inevitable unless the rest of Europe disarms. But the French Government is acting for two objects—delay and pledges of security. In connection with an arms convention, security means to her strict "guarantees of execution." Great Britain has already gone a certain distance in this direction by promising "consultation as to the steps to be taken" if any breach of the agreement occurs. In anticipation of the French reply, Sir John Simon told the Commons on March 14 that the time was approaching when the British Government would have to consider the question of security in much greater detail. He clearly used the word "security" to mean mutual guarantees; and his statement indicated that if the French note emphasized this point, it would receive full and sympathetic consideration.

While Great Britain waited for France to speak, the German reply to the last French memorandum was delivered in Paris on March 13 and published five days later. It added nothing new to the discussion. Its tone was studiously courteous and patient; in terms—if they could be interpreted literally—it was not unreasonable. It insisted on a return to equality, but at the same time asked only for de-

fensive, not offensive, weapons. It promised that Germany would accept any form of international control to which the other powers would submit. As for the Storm Troopers, the Reich would agree to a rule forbidding such formations in any country to assume a military character. The reply also pointed to the recent German-Polish compact as an example of the non-aggression agreement which Germany would delight to offer all her neighbors. As every one knows, France and Britain insist that Germany shall rejoin the League *before* an arms agreement is signed. The note disposed of this by saying that *after* disarmament had been agreed upon, the time would come "to discuss with the other powers the question of Germany's future relationship to the League of Nations."

The French note to Great Britain immediately followed, being delivered to Sir John Simon on March 19. As expected, it was a flat rejection of the British scheme, and part of its wording reflected the strong feeling in French military circles. Paris declared that it could in no circumstances yield to the "exaggerated pretensions" to rearmament formulated by Germany. In particular, it objected to the German claim for a regular short-service army of 300,000 men, and for a large air force. The finance committee of the Chamber of Deputies, it may be noted, approved on March 10 a government request for 980,000,000 francs (about \$64,680,000 at present rates) for new aviation equipment in 1934-35; while General Victor Duhain, Minister for Air, told the committee that France would have 6,000 military and civil planes by the end of this year. The French made it clear that they do not trust German promises, complaining that every new concession has led either to a new demand

or to a fresh treaty violation. Consequently, the essential problem was "guarantees of execution." They denied the German right to flat equality; Germany had a right only to such equality as was compatible with the security of her neighbors. In closing, they sharply condemned the British proposal for "an immediate legalization of a rearmament already realized in violation of the treaties—a rearmament which could be limited only with difficulty."

Thus the situation was left on April 1 just where it had stood when the British effort began, or nearly there. Only a few gains have been made. The discussion has clearly developed the fact that both Great Britain and Italy believe Germany entitled to a large measure of defensive armament. They do not want it too large; the British have spoken of a short-service army of 200,000 men as against the German demand for 300,000. But Mussolini told his audience in Rome on March 18 that it was "pure illusion" to think it possible to keep Germany defenseless. "It is necessary to grant Germany the right to rearm and to possess effectives and weapons for her defense." The fact has also been developed that France will continue to demand security, and that the only immediate prospect of breaking the deadlock lies in British measures which will grant it to her. Sir John Simon's words looked in this direction. It is significant that on March 28 Lord Tyrrell, former British Ambassador to France, handed M. Barthou a note asking the French to define more precisely their minimum demands for security, and also to state what they would be willing to do for Britain in the event of a breach of the arms convention dangerous to the latter country. It seems likely that fu-

ture conversations will follow this line.

TOWARD ECONOMIC PEACE

The most substantial progress during March in the way of international agreements unquestionably lay in the economic field. On March 1 Walter Runciman, President of the Board of Trade, announced to the Commons the long-expected trade agreement between Britain and Russia. (See Professor Comstock's article on page 245.)

Still more important are the economic arrangements just made in Rome by Italy, Austria and Hungary. Of the three protocols signed by Chancellor Dollfuss, General Goemboes and Signor Mussolini, two dealt with economic questions. The three leaders declared for a more liberal exchange of products, and condemned the unhealthy tendency toward economic self-sufficiency. To increase their reciprocal exports, they agreed to conclude bilateral treaties, to be worked out by economic experts, before May 15. It is clear that these compacts should do much to make the three nations economically interdependent and to discourage certain artificial agricultural developments in Italy, and artificial industrial developments in Hungary.

Meanwhile, various minor economic negotiations were being carried on. Late in March much satisfaction was felt on both sides of the Channel over the progress of negotiations for a new Anglo-French commercial agreement. M. Lamoureux, French Minister of Commerce, with various colleagues, was received on March 13 at the Board of Trade offices in London, and views exchanged. The British complain primarily against French quota regulations, the French against British retaliatory duties. The roots of

the difficulty, however, go much deeper. During the years before 1931, after the franc had been devalued by four-fifths, while Great Britain was attempting to maintain the gold content of the pound, France enjoyed an undue advantage in trade. There was a large visible balance in her favor, and in addition an invisible balance representing expenditures by British travelers in France. The situation seemed to many Englishmen intolerably one-sided. After 1931 two remedial factors came into play—British tariffs and British abandonment of the gold standard. French exports to Great Britain sank to about a fourth of their previous level, while British exports to France were merely halved. This seemed to Paris to be carrying the remedy entirely too far, and the result was a set of resentful quota regulations. Now there is hope that a really fair balance of trade can be established on a footing of reciprocity.

Japan also has been involved in economic negotiations. Though the conference of English and Japanese business men on the cotton trade broke down in London on March 13, it was announced on April 4 that it would be renewed under governmental auspices. The failure of the first conference was not unexpected. The Japanese delegates, arriving last September, had held eleven meetings with representatives from Lancashire led by Sir Thomas Barlow. From the outset the Japanese refused to discuss the export of goods to any countries outside the British and Japanese Empires. The British wished to draw up price or export restrictions applying to all parts of the world; their visitors declared this impracticable, since there were many circumstances affecting world markets which neither Great Britain nor Japan could con-

trol, and since they were carrying on separate negotiations with Holland and other countries. But the door was left open for another effort, which is now to be made. In both countries there is a strong feeling that the cut-throat competition which has caused so much bitterness, and which the recent Indian and Egyptian limitations on Japanese imports have by no means stopped, must somehow be lessened. The Japanese Ambassador promised on April 4 that the discussions would be reopened "on a broad basis."

Other items of the same general purpose might be noted. Secretary Hull on March 5 announced the choice of Richard Washburn Child as a special adviser to visit Europe and investigate recent economic changes there. Mr. Child at once said that his chief object was to learn "whether Europe now is prepared to talk economic disarmament." Wheat experts from all over the globe gathered in Rome on April 5 for a renewal of conferences upon wheat prices and export quotas. Altogether, there are numerous evidences of a widespread desire to bring about greater sanity and a larger give-and-take in the treatment of international trade. In every important nation at least some leaders are urging that world recovery on a broad scale is impossible unless the narrow economic nationalism of the past dozen years is abandoned. The drop in world trade during 1933, according to a report of the League issued on March 2, was only \$3,000,000,000 in gold value as against \$13,000,000,000 during 1932 and \$16,000,000,000 during 1931. If the movement now under way can only be pushed forward, the year 1934 should register a hopeful increase after four years of disastrous declines.

Roosevelt Turns to the Right

By E. FRANCIS BROWN

THE Roosevelt administration during March made one of its periodic swings from the left to the right. At least the superficial observer—and who these days dares to appear profound?—found support for such a view in the events that crowded upon one another in the last dreary weeks of Winter. Was the New Deal petering out? Perhaps not; yet those who had once feared its possibilities found cause to take heart, while others who had temporarily been filled with hope felt their spirits flagging.

Developments in the world of industry gave point to this thesis. Labor's portion, which only a few short months ago promised to be more than generous, now seemed about to be whittled away. (See the article, "The Odds Against Labor," on pages 141-148.) Fundamentally, what does labor desire? Three things: collective bargaining, shorter hours and higher wages. The first supposedly was guaranteed by the National Industrial Recovery Act; the administration has urged the other two upon industry time and again.

Though collective bargaining had proved elusive from the moment the NIRA was promulgated, it remained for the settlement of the threatened automobile strike to give the principle its hardest blow. The White House on March 25 announced that the series of conferences between the President, General Johnson and representatives of both auto workers and auto manufacturers had ended amicably. Both sides praised the

settlement of the dispute, and only upon careful examination of the terms did it become obvious that once more—this time with official sanction—collective bargaining of the sort demanded by organized labor had been denied. By the terms of the President's settlement employers agreed to bargain with the representatives of a group or groups of organized workers—not necessarily those affiliated with the American Federation of Labor—and apparently this opened the way for company unions. Nevertheless, it was predicted that the strike had been postponed, rather than avoided.

In more ways than one this settlement was important. The auto manufacturers, always opposed to the unionization of their workers, had denounced all attempts of the American Federation of Labor to invade the motor plants and had refused to treat with representatives of A. F. of L. unions. This attitude they maintained throughout the negotiations to avoid the strike. But they were not alone. It was freely prophesied that should the independent unions obtain a foothold in the automobile industry, it would not be long before they would be knocking at the door of another stronghold of the open shop—steel. Both great industries have of late fostered company unions, which now seem to be firmly established as a bulwark against A. F. of L. invasion.

That the President's stand in the automobile strike furthered the company union was emphasized immediately when Senator Wagner, hereto-

fore outspoken in his hostility to company unions, agreed to permit the amendment of his trade disputes bill, which was pending in Congress, so as to recognize any company union that represents the free choice of the majority of the workers in a plant.

The Wagner bill, which as introduced would outlaw company unions and establish a permanent National Labor Board, was raked fore and aft by representatives of industry during Senate hearings on the bill. Moreover, after the settlement of the motor dispute, Henry L. Harriman, president of the Chamber of Commerce of the United States, went so far as to say that "the bill seems entirely unnecessary, in view of the very broad interpretation given to Section 7-A of the Recovery Act by the President in his settlement of the threatened automobile strike." By the end of March it was generally believed that the bill would not pass Congress and that it no longer had the support of the administration.

In the meantime, two classic struggles over collective bargaining—the Weirton and Budd cases—entered new phases. The Federal Government on March 20 sought an injunction in the Federal district court at Wilmington, Del., to restrain the Weirton Steel Company from violating the Iron and Steel Code and the labor provisions of the Recovery Act. Arguments on the suit were scheduled for April 30. Since the dispute has dragged along for many months and may well continue to do so, it would not be strange if labor came to regard as valueless any method, short of the strike, for securing its ends.

The Edward G. Budd Manufacturing Company of Philadelphia presented a somewhat different problem. On March 9 a poll of its employes was taken to determine the organization

favored by the workers. This vote was contrary to the orders of NRA officials, who had asked a postponement until the protests of workers in independent unions could be considered. Though the company union emerged victorious, it was asserted that the result would have been different if 800 workers, who went on strike last November and were not re-employed, had been allowed to participate in the election. Ultimately a new poll was ordered, but proved a fiasco. Company union members stayed away when the company hinted that they might do so; A. F. of L. workers also boycotted the election because of the requirement that ballots be signed and because the men who replaced the 800 strikers were permitted to vote.

A final settlement of the Budd case was reached on March 29 when the A. F. of L. strike was called off. In return the company agreed to hire one striker for every other man taken on at the plant. Collective bargaining would be regulated, according to General Johnson, by the terms of the President's settlement of the automobile labor controversy.

While labor was failing to obtain the collective bargaining which supposedly had been assured by the Recovery Act, it was making some gains in regard to hours and wages. On April 2 it was estimated that about 1,000,000 workers had been affected by new wage and work schedules introduced in many industries.

The Code Authority for the refractories industry—the industry mines clay and manufactures crucibles, firebrick and materials used in iron, steel, glass and pottery—announced on March 9 that it was prepared to institute a thirty-six-hour week and to pay the same wages for the shorter as for the longer week. Several other Code Authorities also accepted the

Recovery Administration's request for a shorter working week. Moreover, on the eve of the impending auto strike, the Ford Motor Company restored its \$5-a-day minimum wage to 47,000 of its employes. Soon after, fourteen motor companies increased their wage scales by 10 per cent and reduced the working week to thirty-six hours. The General Electric Company and the steel industry at the end of March also raised wages by 10 per cent.

Another important shortening of hours has been achieved in the bituminous coal industry. The United Mine Workers, requesting a seven-hour day and five-day week, threatened at the beginning of March to strike if their demands were not met. At the end of the month an agreement accepting the shorter working week was signed by representatives of the operators and miners in the great Appalachian area. An amendment to the Bituminous Coal Code, imposing the new working hours, was approved by President Roosevelt on March 31, thus putting the entire industry on a thirty-five-hour week.

The railroads have likewise been involved in labor trouble, but over wages rather than hours. The employers, who on Feb. 15 had sought a 15 per cent wage reduction, veered around and a month later withdrew the original request while asking that the existing 10 per cent reduction be retained until April 30, 1935. The unions thereupon countered by demanding the withdrawal of the 10 per cent cut after June 30, a demand that was changed on March 20 to a restoration of the cut and an additional 10 per cent increase. At this point President Roosevelt entered the controversy, suggesting that Joseph B. Eastman, Federal Coordinator of Transportation, mediate the wage dispute. Though both the railroads and

the unions accepted Mr. Eastman as mediator, he was unable to settle their differences and at the end of March the whole question was dumped on the lap of the President.

Wage increases and shorter hours, while temporarily staving off strikes and other disturbances, do not meet the issue of labor organization. For the moment unionism has received a definite setback in this regard, as the weakening of the Wagner bill and the settlement of the auto strike make clear. Meanwhile, labor unrest continues in many small plants and labor as a whole wonders whether, after all, the promises of the New Deal are not illusory.

Although events in the labor world testified in particular to the administration's "rightist" swing, there were other straws in the wind—most notably the mysterious attitude toward the Fletcher-Rayburn bill for regulating the stock exchanges. In the beginning it was understood that President Roosevelt had approved the bill, but after it had been before Congress for about two months the story spread that the President had still to read the bill, although he favored some sort of stock exchange regulation.

Since the introduction of the bill on Feb. 9 its life has been of the stormiest. Hearings before the Senate Banking and Finance Committee and the House Committee on Interstate Commerce were filled with denunciation by representatives of all the interests likely to be affected should the bill become law. So loud were these protests that the bill was amended and revised. The new version, made public on March 19, liberalized margin requirements and decreed that not until Jan. 31, 1939, would the new requirements apply to loans now outstanding. Regulation of marginal trad-

ing would rest with the Federal Reserve Board instead of the Federal Trade Commission as provided in the original draft. Trading in unlisted securities would be permitted until March 1, 1935, the problem in the meantime being studied by the Federal Trade Commission.

But the new bill was forced to meet attacks similar to those launched against its predecessor. Furthermore, though presumably the revision had been undertaken with the aid of Treasury experts—and Representative Rayburn had said that the draft had been approved by the Treasury and the Federal Reserve Board—an adviser to Secretary Morgenthau declared on March 21 that the Treasury had expressed "neither approval nor disapproval" of the measure as amended.

President Roosevelt on March 26, just before leaving the capital for a holiday off the Florida coast, wrote to the sponsors of the bill that he was "definitely committed to definite regulation of exchanges which deal in securities and commodities." "The bill as shown to me this afternoon by you," he continued, "seems to meet the minimum requirements. I do not see how any of us could afford to have it weakened in any shape, manner or form." Could anything be more explicit? Yet persistent rumors maintained that the administration was lukewarm toward the subject and certainly, considering the speed with which administration measures have been passed hitherto, the delay attending the Fletcher-Rayburn bill gave rise to the suspicion that little White House pressure was being applied.

Once again there have been indications that attempts would be made to revise the Securities Act. Since it became law nearly a year has elapsed,

during which few new security issues have been offered. The law is to blame, its opponents have said and continue to say. But early in April the administration had made no move to weaken the law. Furthermore, new financing in March showed a slight increase over previous months and there was reason to believe that factors other than the Securities Act were affecting security offerings.

One of the interesting changes in the Roosevelt administration as it began its second year was the silence which enveloped most of its members. What had happened to the preachers of the gospel of the New Deal? Where was Secretary Perkins during the automobile dispute? What had come over men like Mr. Ickes and Mr. Wallace, who have been regarded as exponents of the new faith? Did this lull presage a storm, or was it the calm that followed a tempest? Or was it another evidence that the administration had swung to the right?

CONGRESS AT WORK

Congress, with one eye cocked toward the impending primaries and elections, has pushed ahead with its program, administering on the way a couple of defeats to the President. The first of these—the refusal of the Senate to ratify the St. Lawrence Waterway treaty—was not wholly unexpected. Although President Roosevelt had asked for ratification earlier in the session, he failed to exert sufficient influence to save the treaty, which had been steadily attacked by a lobby representing, according to Senator La Follette, the railroads and the power trust. And so, on March 14, the treaty was lost by a vote of 46 to 42, having failed to obtain the required two-thirds majority.

The second administration defeat, perhaps because it affected the public

more directly, stirred up considerable feeling in the country. The Independent Offices Bill (see April CURRENT HISTORY, page 73), carrying amendments for veterans' benefits and Federal pay raises, was passed by Congress on March 28 over a Presidential veto. Passage of the bill followed a month of political manoeuvres in which the veterans' lobby played a most important part.

The bill, as sent to the President, provided for restoration of the 15 per cent cut in Federal salaries embodied in the Economy Act of last year. Five per cent of the raise would be retroactive to Feb. 1; 5 per cent would become effective on July 1, and the remainder would be restored at the discretion of the President. The clauses of the bill affecting veterans restored service pensions to men who had served in the Spanish-American War and 75 per cent of the allowances to all presumptive cases removed from the rolls by the Economy Act. These latter include all veterans whose disabilities are presumed to have been incurred during war service. It was estimated that the cost of the additions to the bill would add \$228,000,000 to the budget for 1934-35.

President Roosevelt's veto, long forecast, was surprisingly mild in tone. He pointed out that no provision had been made to meet the added expense. He disagreed with the theory of service pensions and insisted that service-connected disability should be regarded as "a question of fact rather than a question of law." But Congress gave little heed and quickly passed the bill despite the President's disapproval.

Immediately two questions arose in the public mind. Did the action of Congress indicate that the President had begun to lose his grip on the legislative branch? Commentators replied

"No." Members of Congress, it was said, were only building their political fences. But why did the President not make more of an issue of the restoration of veterans' benefits? Could it be that he, too, was playing politics, that his veto was designed only to please those who desired governmental economy? Or did Mr. Roosevelt believe that the issue was relatively unimportant when some of the other questions pending on Capitol Hill were considered?

In any case, the passage of the Independent Offices Bill raised anew the matter of taxation, although the administration quickly indicated that it would not ask for new taxes at this session. Meanwhile, the Senate had before it a revised version of a tax bill passed by the House. Senate revisions, including a capital stock and excess profits tax, as well as higher estates rates, would, it was estimated, increase the return from the \$258,000,000 forecast by the House bill to \$330,000,000. As soon as the bill was brought to the floor of the Senate so many amendments were offered that early in April the final shape of the law could not be even surmised.

Several highly controversial bills were before Congress during March. Among these were proposed laws for regulating the air mail, legislation introduced as an aftermath of the mail contract scandal. (See April CURRENT HISTORY, page 74.) A bill permitting the army to carry the air mail for a period of not more than one year was passed by Congress during March without much debate, since attention was focused on permanent legislation that would return the mail to private air lines. The McKellar-Black bill, introduced on March 9, would require the reorganization of the companies whose contracts had been canceled before new contracts would

be awarded to them. Routes and rates would be determined by the Interstate Commerce Commission. Moreover, the bill made it "unlawful for any company holding an air mail contract to buy, control or own directly or indirectly any stock or interest in any other company which is engaged directly or indirectly in any phase of the aviation industry." Officers of companies holding contracts would be subject to similar restrictions.

During Senate hearings on the bill prominent figures in aviation like Lindbergh, Clarence Chamberlin and Captain Rickenbacker appeared; the first and last of the famous trio attacking the bill in no uncertain terms. Meanwhile, the public remained undecided where its loyalties lay, though New York City movie audiences for the first time booed Lindbergh's screen pictures.

While Congress worked on legislation, the air mail was being carried by the Army Air Corps, but over far fewer routes than had been operated by the private companies. For a week in March, after a series of disasters, the service was wholly curtailed while the army reorganized its equipment and methods of flying. At the end of March Postmaster General Farley asked for bids for the private transportation of air mail over twenty-one routes covering about 18,000 square miles. Those companies whose contracts had been annulled, Mr. Farley said, were ineligible to bid, and certain others would be excluded until their personnel had been reorganized.

Of an entirely different nature, though no less controversial, was the bill granting the President power to negotiate reciprocal tariff treaties. After hearings at which Cabinet members appeared in support of the President's proposal, and after considerable debate in which the Repub-

licans denounced the whole idea, the House on March 29 by a vote of 274 to 111 passed the measure. The bill as accepted by the House limited the President's power to three years and provided that "nothing in this act shall be construed to give any authority to cancel, or to reduce, in any manner, indebtedness of any foreign country to the United States." While Senate action on the bill was awaited, it became known that the State Department had selected twenty-nine nations from which it would seek to obtain special concessions for American goods on the basis of particular products to be sent to the United States from these nations.

The tariff bill is concerned with restoring American foreign trade. But several bills before Congress had as their aim the stimulation of business at home. One would extend loans to industries through the RFC; another—with administration support—would create a credit bank in each of the twelve Federal Reserve Districts under the supervision of the Federal Reserve Board, and the third, sponsored by Senator Glass, would allow Federal Reserve Banks to make loans to industry. The purpose of each of these bills is to make credit more easily available to business than it has been since the paralysis of credit facilities began nearly five years ago.

The Dies Silver Purchase Bill, passed by the House on March 19, seeks to aid agriculture and mining more than industry. By the terms of this bill surplus agricultural products would be exchanged for silver imported into the United States, "provided, however, that the price per ounce for such silver shall not be less than 10 per centum above the world market price of silver and not in excess of 25 per centum." Against the silver obtained in this way the Secre-

tary of the Treasury would be obliged to issue silver certificates which would be legal tender. At the end of March it was generally expected that the inflationary Dies Bill would pass the Senate.

And finally, two measures of especial interest to investors have been passed by Congress. Government guarantee of both the principal and interest of the bonds of the Home Owners Loan Corporation was embodied in a bill sent to the President on April 5. In addition the bill authorized the expenditure of \$200,000,000 for the rehabilitation of existing homes, a provision expected to act as a spur to the construction industry. By the end of March the HOLC had lent about \$350,000,000, although applications exceeded \$3,000,000,000.

A Congressional attempt to lock the door after the horse was stolen gave rise to the Johnson Bill, which, on April 4, was sent to the White House. By this measure it would be unlawful for any one in the United States to buy or sell the securities or obligations of any country which "is in default in the payment of its obligations, or any part thereof, to the Government of the United States." Although one section of the bill would exempt from the law's provisions any corporation created by Congress or one in which the United States Government has a controlling interest, it was announced on the floor of the House that credit would not be extended to the Soviet Government through the Export-Import Bank until Russian debts to America—at least the Krensky loans—have been settled. Even before the Johnson Bill passed Congress, Secretary Morgenthau had ruled—under the terms of the Gold Reserve Act of 1934—that New York banks could not participate in a French loan being handled by a Dutch

syndicate. Thus, if the President approves the bill, the United States will cease for the present to be a source of credit for most foreign nations.

BUSINESS OPTIMISM

The economic life of the nation, while Congress debated, continued to take on a more healthy aspect. To be sure, there were plenty of exceptions to the rule, and many of the statistics would not bear close scrutiny; yet on the surface at least things looked much better. *The New York Times* index of business activity stood at 85.9 for the week ended March 25; a month earlier it had been 84.5. Exports during February totaled \$162,805,000, compared with \$101,530,302 in 1933, while imports were \$132,938,000 and \$83,803,193 respectively. February foreign trade, however, was less than that of the previous month, since exports had declined from \$172,224,000 and imports from \$135,552,000.

Reports of the heads of some of the great corporations added to the general optimism that prevailed. Myron C. Taylor, chairman of the board of the United States Steel Corporation, declared at a stockholders' meeting on April 2 that the steel industry, now operating at about 48 per cent of capacity, was convinced that genuine revival lay ahead. A similar report was given by Alfred P. Sloan Jr., president of the General Motors Corporation, who said that the trend toward recovery was "irresistible."

Figures for retail trade, however, were not so encouraging. The *New York Journal of Commerce* reported that pre-Easter sales had been disappointing, and it was generally remarked that, while the dollar value of retail sales might have risen, volume remained stationary or declined. Moreover, the addition of liquor sales

to store reports further disguised the real situation, lending support to the belief that a buyers' strike against higher prices was under way.

Even the most buoyant had to confess that the unemployment figures made "recovery" appear specious. The American Federation of Labor estimated that 11,374,000 workers were idle at the end of February. To this number must be added the 2,000,000 thrown on their own resources when the CWA ended on April 1. The CWA during the four months of its existence spent \$1,000,000,000 and cared for approximately 4,000,000 men and women. Henceforth, relief will be administered by local agencies, supplied in part with Federal funds, but unfortunately relief will be neither as liberal nor as widespread as under the CWA. Continued business revival may absorb many of the jobless—and then again it may not.

Conditions in agriculture, which have remained relatively unchanged during recent months, are better than a year ago, though they are still unsatisfactory. But recent Congressional action and policies adopted by the Agricultural Adjustment Administration are designed to bring at least temporary relief. The Senate on March 10 approved a bill previously passed by the House classifying beef and dairy cattle, rye, peanuts, barley, flax and grain sorghum as basic commodities. Later in the month the Senate passed the Bankhead Cotton Bill (see April CURRENT HISTORY, page 71) providing for the allotment of cotton production and levying a tax of 75 per cent of the market price on all cotton raised in 1934 in excess of 10,000,000 bales.

Sugar would also be made a basic commodity under the terms of the Jones-Costigan Sugar Bill which the House passed on April 4. The measure

would place domestic sugar production and sugar imports on a quota basis.

The problem of milk has continued to plague the AAA. Secretary Wallace, speaking in Philadelphia on April 2, outlined the present program for ending hard times in the dairy industry. Surplus milk marketed for manufacture into cheese and butter would be reduced 10 per cent. A processing tax on butter fat content of milk would be employed to raise a fund to compensate the farmer for his reduced production. Mr. Wallace did not hesitate to admit that his plan was uneconomic and socially undesirable, but for want of anything better he recommended its adoption. As he said, "the argument against the evils of curtailed output might much better be made against an industrial policy which has permitted such curtailment of industrial production, for the sake of maintaining prices and profits, as to throw 12,000,000 people out of work and thus undermine our whole agricultural structure."

The United States Treasury announced on April 2 that the public debt at the end of March totaled \$26,157,509,691, an increase of \$4,795,000,000 during the past twelve months. Nevertheless, emergency expenditures have fallen below budget estimates and ordinary expenses were lower for the first nine months of the fiscal year than for the same period in the year 1932-33. Internal revenue during the nine months rose \$527,000,000, customs \$57,900,000, income taxes \$26,163,000, Panama Canal tolls \$2,000,000. Moreover, interest on the new public debt was somewhat below the average rate.

In this connection, particular interest attached to a Treasury announcement of April 2 offering the holders of about \$1,005,000,000 in $4\frac{1}{4}$ per

cent Fourth Liberty bonds the opportunity to convert their bonds to a new issue of $3\frac{1}{4}$ per cent. The same privilege was extended to holders of \$244,234,600 in 3 per cent Treasury notes which mature on May 2. If all the Liberty bonds, which were called on Oct. 12, 1933, should be converted, the government would save about \$10,000,000 a year in interest charges.

LETTING IN THE LIGHT

Investigations and prosecutions have continued to hold the nation's attention. Though not the most important, certainly one of the best advertised was that concerned with the so-called brain trust. On March 23, during the course of a House hearing on the Stock Exchange Bill, James H. Rand Jr. read a statement by William A. Wirt of Gary, Ind., who maintained that members of the brain trust had told him last Summer that they were preparing for the overthrow of the American social system and that "Mr. Roosevelt is only the Kerensky of this revolution." Possibly there was a time when such words would have caused shivers to run down the American spine; in March, 1934, however, they produced only laughter and ridicule. Even newspapers opposed to the New Deal refused to take the Wirt charges seriously. The House nevertheless voted on March 29 to investigate the already famous Wirt discovery of "treason" in high places.

The Wirt incident, however, was far less absorbing than the new developments in that modern Arabian Nights adventure—the case of Samuel Insull. On the morning of March 15 Mr. Insull, whose return to the United States to face charges in connection with the collapse of his utilities enterprises had long been sought, was found to have disappeared from his apartment in Athens. Next day it de-

veloped that he had slipped aboard a small Greek freighter, the *Maiotis*. Already under sentence of expulsion in accordance with the Greek Undesirable Aliens Act, his departure in such fashion transgressed provisions of the law, and under government orders the *Maiotis* bore him back to Athens—not, however, for surrender into the waiting arms of agents of the United States Department of Justice, but apparently in order that port regulations could be complied with. This done, the vessel was allowed to put to sea again. For two weeks thereafter the ship steamed hither and yon through Mediterranean and Aegean waters until it was finally detained at Istanbul by Turkish authorities. There the fugitive was arrested; it was expected that he would be turned over to American authorities to be taken back to the United States. Meanwhile, the State of Illinois prepared to ask for extradition so that Mr. Insull might be brought to trial on the State charges of larceny and embezzlement as well as on the Federal charges of using the mails to defraud and of fraudulent bankruptcy.

Andrew W. Mellon, former Secretary of the Treasury, has been accused of many things, most recently of being involved in the air mail contracts made during the Hoover administration. But none of these accusations has ever been proved. That the former Secretary of the Treasury had evaded payment of the income tax has been alleged also many times and seems likely now to be aired in court, for on March 10 Attorney General Cummings announced that suits under the laws against tax evasion would soon be begun against Mr. Mellon, James J. Walker, former Mayor of New York City, and others.

The power trust at the beginning of April was faced with new attacks and

investigations, following the release by the Federal Trade Commission of documents which placed certain utility companies in an unfavorable light. On March 29 the commission published letters which apparently connected Warren T. Thayer, a New York State Senator, with the interests of the Associated Gas and Electric Company. The disclosures promised to lead to a legislative investigation in New York State of the influence of the power companies on the Legislature. Other documents released by the Federal Trade Commission revealed certain alleged questionable practices by the Associated Gas and Electric Company in Tennessee.

Senator Norris, on April 2, brought the activities of the power trust to the attention of the national Senate when, referring to the Thayer case in New York, he asked: "How many other men has the power trust in the New York Legislature? How many men have they in such positions in Legislatures throughout the United States?" The Associated Gas and Electric Company, he said, "has been manipulating elections not only in New York but down in Tennessee." When one recalls that the administration is at least sympathetic—perhaps even more than that—to publicly owned power plants, the disclosures of the Trade Commission take on added importance.

PHILIPPINE FREEDOM

Apparently the Philippines, whether they like it or not, are going to be independent. President Roosevelt, on March 24, signed the McDuffie-Tydings bill which will give the islands their freedom about 1945. (See April CURRENT HISTORY, page 76). Philippine leaders announced that the law would be accepted by their Legislature on May 1, the anniversary of Dewey's

victory in Manila Bay. Though the Filipinos half-heartedly celebrated the signature of the independence bill, they were undoubtedly apprehensive of the future, for independence will break existing economic relationships as well as political ties.

In the United States enactment of the independence bill left the public unmoved. Certain agricultural interests were, of course, pleased at the prospect of ending Philippine competition with their products. Anti-imperialists and those who feared that the Philippines might be a *casus belli* in some future Far Eastern conflict were considerably relieved as it became more certain that soon the islands would have to shift for themselves. But the country as a whole was apathetic, caring little whether or not the Philippines remained American. Such an attitude seemed to give the lie to the charge that—in the Far East anyhow—the American people have imperialistic ambitions.

CARIBBEAN DEPENDENCIES

Statehood for Puerto Rico was requested in a resolution introduced in the Puerto Rican House of Representatives in March. Pending the granting of statehood, autonomy was sought, including an elective Governor and the right to amend tariff laws. Abolition of coastwise shipping laws which exclude all ships except those flying the American flag was likewise requested.

But statehood belongs to the future, and the present is concerned with the more pressing matters dealt with in the annual budget. During the fiscal year 1933-34, the island had a deficit of \$1,100,000 and faces another, though possibly smaller, one in 1934-35 unless taxes are increased and economies effected. Returns from customs duties and excise taxes have been falling, as have those from the prop-

erty tax. With tax collections on property slow, the situation is made worse by the fact that assessments have been written down approximately \$50,000,000, bringing the total to the lowest point since 1921. The budget for 1934-35 at present carries \$11,700,000, which will probably have to be raised by means of higher income taxes, a 7-cent gasoline tax, new liquor taxes, customs and various excise and property taxes.

The Virgin Islands promise to become a laboratory for certain social and economic experiments. The Department of the Interior announced on March 12 that the Virgin Islands Com-

pany would soon be chartered and, aided by \$1,000,000 of PWA funds, would carry out a subsistence homestead project. The company will purchase 6,000 acres of sugar land, one-half of the profit from which will go to the island's welfare fund and the other half to the company's laborers and those who have sold sugar to the company. Two-room houses will be constructed on the acreage acquired by the company and sold to the inhabitants on long-term credit. The government of the islands also plans to own and operate a hotel at St. Thomas in an attempt to attract tourist trade.

Canada's Way Back

By J. BARTLET BREBNER

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ANTAGONISM to the United States has always been an ingredient in Canada's sense of nationality. Yet the two countries are continually facing almost the same problems, and whatever the United States does has a most potent influence in Canada. Thus during the past year the Roosevelt recovery program and its execution have been closely watched by Canadians and compared with the measures taken in the United Kingdom to restore prosperity. Actually, portions of the Canadian lumber and newsprint industries have informally come under the American NRA, and more recently employes in these industries have been demanding revision of hours and wages along American lines. At the same time there have been borrowings from Great Britain.

The pending legislation for the

creation of a Canadian central bank has followed British precedents in the main, but when this measure and the accompanying act to regulate banking for the next ten years were in committee, the investigation was broadened to cover past banking practice, existing interlocking directorates, &c. Bank presidents were summoned to testify and were interrogated and criticized by members of the government and the Opposition, while Socialists and Liberals used the occasion to propound their individual and party programs.

The House committee which, under the chairmanship of H. H. Stevens, Minister of Trade and Commerce, is investigating marketing, price spreads and business practices generally, was told by witnesses of scandalous sweatshop practices, minimum wage law infractions and similar abuses. As a

result of these revelations there has been a widespread demand in Canada for Federal codes of fair practice in business and industry and for the investigation of monopolies. Chain stores, department stores and mail-order houses have also been under fire.

Meanwhile, bills setting up Provincial wheat boards have been introduced into the Legislatures of Manitoba, Saskatchewan and Alberta. These, the Dominion Prime Minister has explained, are to work with a joint Federal-Provincial board. On March 26 a bill to create a Dominion Marketing Board with extensive powers over the sale of all natural products, except minerals, in the raw and in some processed states was introduced at Ottawa. All this legislation was no doubt partly due to Canada's need to reduce her wheat production in accord with international agreement. The influence of the British Agricultural Marketing Act (and also the American AAA) on the Federal bill could be seen in its provisions for control of exports and imports, price spreads, and so forth.

During the same weeks T. D. Pattullo, the new Premier of British Columbia, using his majority of 34 to 11 in the Provincial Legislature, secured quasi-dictatorial powers to meet present and future economic emergencies. He outlined no specific program, and hostile observers felt that his main objective was to goad the Dominion Government into giving more aid (recently refused) to overburdened British Columbia. Mr. Pattullo, who has shown great capacity for keeping in the public eye, has embarked on the creation of a Provincial unemployment insurance scheme, and has set up an economic council which has already been termed a brain trust.

Constitutional reform is a matter often discussed in Canada today.

When the Statute of Westminster was passed, the Dominion deliberately refused to take advantage of the opportunity to revise its Constitution, largely because French Canadians felt that the British North America Acts are in a sense treaty agreements guaranteeing French Canadian minority rights. But the depression has forced the Dominion to help certain of the Provinces and to consider national legislation which would limit production, insure employment and set up industrial and commercial codes of fair competition. In efforts of this kind the division of Federal and Provincial powers under the present Constitution is a great handicap, and it is becoming increasingly evident that there should be revision in the light of the experience of the last seventy-eight years.

Canada's continuing economic recovery is evidenced in many quarters. Employment has increased steadily, prices have risen, and even building has at last shown improvement. Bank loans to industry, however, have fallen. Figures for Canadian foreign trade thus far in 1934 reveal a gain despite the recent renewed decline in world trade. Even though imports have increased greatly, the trade balance remains favorable; exports in February, 1934, amounted to \$37,842,000 as compared to \$26,398,000 in February, 1933; and imports were \$33,592,000 as compared to \$23,514,000. Exports to the United Kingdom for the eleven months ending February, 1934, increased 20 per cent over those for the corresponding period last year, and those to the United States increased 31 per cent. Imports from the United Kingdom increased 20 per cent, while those from the United States fell 2 per cent.

While Canada's trade position is, in general, the best since 1931, wheat

exports have caused a good deal of anxiety, for they are about 6 per cent behind the quota of 200,000,000 bushels for 1933-34. Indeed, world figures would seem to show that the international export quota estimates are about 6 per cent too high. If the situation does not improve, or if it becomes worse, Canada is hardly likely to be able to export her expected quota of 270,000,000 bushels for 1934-35, and a bumper crop added to her present carry-over would leave her and the government (which has supported the market) in a bad position. With prices about 18 cents a bushel above those of a year ago, the government operations are said to show a profit, but the surplus is still to be reckoned with.

The defeat of the St. Lawrence waterways treaty in the United States Senate on March 14 met with a mixed reception in Canada. There were no signs, however, that Canada seriously contemplated building the canals alone, as friends of the treaty in the United States had hastened to announce. Canada has as large a financial burden as she can carry at present, unless currency manipulation is combined with canal-building to relieve unemployment. Prime Minister Bennett on March 19 again declared that neither the Dominion nor the Provinces would default on their debts or repudiate them, and pointed out that further conversion operations must await the maturity of Dominion tax-exempt bonds in 1937. In the meantime, most of the Provinces have been budgeting for deficits. The city of Montreal has received an ultimatum from its bankers. British Columbia and the Western Provinces, which are

already being assisted by the Dominion in meeting relief payments, have been demanding better terms. The Dominion Minister of Finance has been watching the mounting revenues which accompanied increased imports and preparing his budget for 1934-35.

The Canadian National Railways showed a deficit of \$59,000,000 for 1933. In consequence, the usual demands have been made for amalgamating them with the privately owned Canadian Pacific Railway to cut down wasteful competition. There were signs, however, of a sturdy resistance to the scheme, for from one point of view it would hamstring the public system to secure dividends for C. P. R. stockholders. What is more, there have been protests in Parliament recently against what seemed to be favoritism to the C. P. R. on those parallel runs where the trains of the two systems have for some time been pooled. Early in April C. P. Fullerton, chairman of the board of trustees of the National system, came out vigorously and bluntly against absorption by the C. P. R.

In the last days of the Ontario legislative session the government introduced a bill to relax the Province's rather rigid system of liquor control, presumably because of Quebec and American competition and of altered public opinion. It is proposed that beer and wine may be served with meals in Ontario restaurants and that certain minor adjustments of the present liquor law be made. The distillers of the Province have recently reaped huge returns from exports to the United States and some of them have built branch distilleries there.

Sandino: Patriot or Traitor?

By CHARLES W. HACKETT

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CONFLICTING accounts concerning responsibility for the assassination of General Augusto César Sandino and of Sandino's loyalty emanated from Central America during March. Earlier reports that a movement was on foot to justify the assassination as one of political expediency were confirmed on March 3 in an official announcement that a National Guard detachment on capturing large stores of arms and ammunition had found correspondence indicating that General Sandino had been preparing for the forcible creation of a Communist State. In the fighting that attended the capture of this material twenty-two Sandinistas were reported to have been killed and many others wounded.

According to other reports, evidence had been found on Sandino's body which showed that he had planned to overthrow the Sacasa government. All these accusations were stoutly denied by Gregorio Sandino, the father of General Augusto Sandino, at San Salvador on March 11. He charged at the same time that no effort had been made to punish his son's assassins, who were said to have boasted publicly in Managua of their deed and to have openly displayed evidence of it. The same day Soponias Salvatierra, former Nicaraguan Minister of Agriculture, whose life, with that of the elder Sandino, had been spared at the time of General Sandino's capture, reached Panama by plane. He alleged that the original plan of the assassins had called for the murder of both

himself and General Sandino's father, and also that no attempt had been made to fix responsibility for the assassinations. That deficiency was supplied by Dr. Pedro José Zepeda. Long the personal representative of Sandino, Zepeda, in a statement at New Orleans on March 21, charged the crime directly to General Anastacio Somoza, head of the Nicaraguan National Guard.

CENTRAL AMERICA CONFERS

Two notable Central American conferences have been held in Washington since the beginning of the present century. The first concluded its labors in 1907, under the joint auspices of the United States and Mexico. Among its constructive achievements was the drafting of treaties which embodied the theory of non-recognition of governments established by force and the creation of a Central American Court of Justice. The second conference, which was sponsored by the United States alone, adjourned early in 1923. It drafted a number of important treaties, one of which reinforced the principle of non-recognition of revolutionary Central American governments. It was this treaty that was formally denounced by Costa Rica and El Salvador late in 1933, and whose principles were discarded last January by the other Central American States and the United States. (See *MARCH CURRENT HISTORY*, page 726.)

Though the Central American States continue to believe in cooperation through conferences, they apparently

feel that they have outgrown the tutelage of Washington. Proof of this attitude is to be found in the Central American conference, which met at Guatemala City on March 15. Earlier in the month President Ubico of Guatemala sent to the Foreign Offices of the other Central American republics for their consideration the drafts of proposed treaties which are intended to take the place of those negotiated at Washington in 1923. These treaties are reported to follow the old ones in some respects, but also to propose radical changes. Their object, as stated in the preamble, is to assure peace among the five republics.

Notable provisions in the proposed treaties include the following: War is outlawed, the signatories agreeing that they "shall never resort to force to solve their differences." Provision is made for political neutrality, cooperation and assistance in re-establishing order; furthermore no country will permit within its borders any conspiracy against another government.

The limitations on the size of armies, fixed by the discarded treaties of 1923, are retained. The exportation of any class of war material from one country to another is prohibited in case it is to be used against another government. The use of poison and other gases is outlawed. The principle of non-intervention in the internal affairs of neighbor countries is recognized as obligatory. The absence of any legal way "of changing the public power other than that provided in the Constitutions of the respective countries," is recognized, and, "in cases where the order has been changed by any revolutionary movement there shall be no recognition until the new order has been legalized by the constitutional methods provided by law." (A similar but much less definite provision in the treaty of 1923 was pri-

marily responsible for its being discarded.) Provision is made for the equivalent of Central American citizenship. Extradition is provided for certain specified crimes, except those of a political nature. Free trade between the countries concerned for their natural and manufactured products is established, and an effort is to be made to form a customs union with uniform duties on both exports and imports. An arbitral tribunal, presided over by the Chief Justice of the Supreme Court of a country not concerned in a dispute, is to settle all controversies and differences between signatory governments.

MEXICAN DIVORCE FRAUDS

The fraudulence of more than one-third of the documents purporting to be divorce decrees recently granted in the State of Morelos, Mexico, has been revealed as a result of an investigation conducted by the authorities of that State, in cooperation with the United States Consulate-General in Mexico City. A Department of State press release on March 20 estimated that "a considerable number of such fraudulent purported divorce decrees have been issued to American citizens."

LABOR CRISIS AVERTED IN CUBA

Strike conditions in Cuba, which bordered on civil war at the beginning of March, became increasingly serious during the early part of the month. The Mendieta government answered the challenge of radical labor with prompt and vigorous action and, in doing so, scored a significant victory.

As additional unions joined the strike movement and labor leaders tried to bring about a general walk-out, the government, on March 5, arrested more than eighty labor agitators, while the streets of Havana were patrolled by troops. Two days later,

President Mendieta suspended constitutional guarantees throughout Cuba for a period of ninety days. He also decreed heavy penalties for native labor agitators and speedy deportation for foreigners convicted of creating labor disturbances. At that time the strike movement affected many industries throughout Cuba and no indication of an early settlement was apparent. To meet this situation, a Presidential decree on March 9 dissolved all labor unions that were then defying the "social emergency" law of Feb. 10, which authorized the government to terminate all strikes "endangering the nation." A second decree on March 9 prohibited municipal and provincial employees from organizing unions. Such unions as already existed were declared illegal and dissolved.

The government's first step to break the power of the labor unions was taken on March 10 when 500 strike-breakers were put to work on the docks, where operations had practically ceased because of a strike of stevedores. Most of the strike-breakers were recruited from the interior and were said to be members of the Nationalist party, to which the Mendieta government had appealed for support against the unions. The strike-breakers were protected by soldiers and marines, who patrolled the waterfront. At the same time the revolutionary ABC organization was reported to be trying to mediate between the government and striking Cuban Telephone Company workers. The decision of the dock workers, and newspaper employees unions to return to work on March 12 brightened the prospects for an early solution of the Cuban labor difficulties.

By March 16 the government was

in a strong enough position to make a friendly gesture to labor. A Presidential decree on that date authorized the reorganization under governmental supervision of all labor unions that had recently been forcibly dissolved and provided guarantees for workers who returned to their jobs within a specified period. Dispatches on March 18 indicated that labor conditions throughout Cuba were gradually returning to normal.

The ABC revolutionary organization presented a memorandum to President Mendieta on March 22, in which it demanded that the government formulate immediately a definite policy of administration. Proposals made by the ABC include the creation of a national currency system; the floating of a \$50,000,000 internal loan; reform of the tax system; close supervision by the State of all public service enterprises; compulsory military service to replace the present army; and legislation for the protection of workers.

The Second Export-Import Bank, designed to stimulate trade between the United States and Cuba, was created by an order issued by President Roosevelt on March 9. It is capitalized at \$2,750,000.

HAITIAN-AMERICAN ISSUES

A Haitian official delegation, headed by President Stenio Vincent, arrived in New York on March 26 en route to Washington for a conference with President Roosevelt and members of his Cabinet. The Haitian delegation sought to discuss problems arising from the proposed withdrawal of United States Marines from Haiti in October, 1934, and the Haitian debt of about \$11,000,000 to American bondholders.

Chaco Insanity

By HENRY GRATTAN DOYLE

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THE Chaco question, which, since the settlement of the Tacna-Arica dispute, has been South America's most pressing international problem, still remains unsolved. The League of Nations Commission, for which the Pan-American Conference stepped aside, departed from Montevideo on March 14, leaving the situation virtually unchanged. In a statement issued before sailing, Alvarez del Vayo, the chairman of the League Commission, after describing the Chaco conflict as "one of the most senseless wars humanity has ever known," by implication called on the American nations to apply "sanctions" to force peace in the Chaco in fulfillment of the declaration that they would not recognize changes in territory brought about by force.

Paraguay and Bolivia still adhere to their original positions and still maintain their policy—understandable enough—of jockeying for every advantage. Each attaches to every statement of willingness to negotiate a condition which is entirely unacceptable to the other. Bolivia wants a *de jure* arbitration of the whole question of ownership of the Chaco, even to the extent of reconsidering the Hayes Award of half a century ago. Paraguay insists upon "guarantees" to maintain its superior tactical and *de facto* position, while insisting that the problem is purely one of demarcation of frontiers.

At the last writing the replies of the two countries to the League Com-

mission's proposals had been received. Each laid down conditions already known to be unacceptable to the other. On March 10, however, Bolivia made a formal offer to begin direct negotiations with Paraguay under the auspices of the League of Nations, and this proposal the League Commission forwarded to Paraguay. The Paraguayans replied: "The Paraguayan Government has no faith in the efficacy of the new negotiations suggested by Bolivia, but it would be disposed to accept them if the League Commission has any hope they will be successful. These negotiations should not be limited to any fixed period of time but should be subject to termination whenever the League Commission or either Bolivia or Paraguay judges it useless to continue them. Independent of these negotiations, the League Commission should begin investigations regarding responsibility for the war and regarding violation of the laws of humanity."

Rumors of dissension in the Bolivian Government seemed to be borne out by the resignation on March 14 of the entire Cabinet. According to reports, several members of the Cabinet were not in accord with the government policy in the Chaco dispute, and criticized particularly the Bolivian reply to the League Commission's proposals. On March 23 a new Cabinet, headed by David Alvístegui as Minister of Foreign Affairs, took office.

The old idea that Bolivia is primar-

ily interested in an outlet to the sea by way of the Paraguay River system was again brought forward by a report from Buenos Aires on March 10 that an Argentine Government commission was studying plans for a 450-mile canal across Northern Argentina from Oran, paralleling the Bermejo River, whose waters would feed it, and having its outlet into the Paraná River at Resistencia, 700 miles above Buenos Aires.

While negotiations for peace in the Chaco have been following their apparently aimless circle, fighting has gone on, adding to the estimated losses of 75,000 dead and wounded already suffered by the two countries. The Paraguayan Ministry of War on March 28 announced an overwhelming victory over the Bolivians at Cañada Tarija, northwest of Fort Camacho and 65 miles northwest of Platanillos. According to the report, 950 prisoners were taken and an entire regiment wiped out.

An Asunción report on March 28 indicated a change in Paraguayan strategy. According to this dispatch, the new objective of the Paraguayans is Villa Montes, on the upper Pilcomayo River, the vortex of all the Bolivian roads in the Chaco and the supply-point of the Bolivian Army. Cañada Tarija, where the recent victory occurred, is 186 miles east of Villa Montes.

THE LETICIA QUESTION.

Negotiations in Rio de Janeiro between the Colombians and Peruvians under the chairmanship of Afranio de Mello Franco, former Brazilian Foreign Minister, have proceeded so slowly as to cause concern in Geneva and in South American capitals. However, the arrival in Rio on March 15 of Jorge Prado Ugarteche, the new Peruvian Minister to Brazil, an advocate of

friendly relations between Peru and her neighbors, brought about a renewal of activity, and on April 2 Dr. de Mello Franco returned from a vacation in Minas Geraes to Rio de Janeiro, where he was reported about to reopen the parleys for the presentation of a formula acceptable to both countries.

The need for more rapid progress in the negotiations is indicated by the renewal of reports of warlike preparations by Colombia. *El Tiempo* of Bogotá announced on March 23 that 14,000 new recruits were needed immediately and that draft regulations would be strictly enforced. It is reported that military training camps are being enlarged and increased. Four days later General Vladimir Klecand, a Czechoslovakian, former military commander of Prague, arrived at Bogotá on a year's leave, and it was said that he would act as military adviser to Colombia, although he called himself a simple tourist. Reports from Ecuador on March 25 that clashes had occurred between Colombians and Peruvians at Guepi, in the Putumayo region, were officially denied at Bogotá.

SOUTH AMERICAN PRESIDENTS

The Constituent Assembly of Uruguay on March 22 re-elected President Gabriel Terra for a four-year term beginning in 1935 and chose Alfredo Navarro vice president. The vote was 240 to 4, only the four Communists voting against the President. The result was expected, inasmuch as the Assembly membership was appointed by President Terra after his coup d'état of March, 1933, when he suppressed the Parliament and Administrative Council and abrogated the Constitution.

According to reports from Montevideo, the Central Committee of the Herreristas, a large political group, voted to recommend that its followers

abstain from voting in the plebiscite of April 19, when the proposed amendments to the Constitution adopted by the Assembly were to be voted upon. The Unión Cívica, or Catholic party, was likewise reported to have decided to abstain from voting in the plebiscite and to attack judicially the reelection of President Terra.

President Getulio Vargas of Brazil on April 3 announced, through the Minister of the Interior, that he would not be a candidate for election as President "unless drafted." The proposed new Constitution for Brazil was submitted to the Constitutional Convention on March 8 by the drafting committee, and it is expected that the convention will hold Presidential elections not later than May 3.

The President-elect of Colombia, Dr. Alfonso López, who will begin a four-year term in succession to Dr. Olaya Herrera on Aug. 7, pledged himself on March 20 to keep the people informed of the activities of his government both through the press and by radio. The President-elect also warned of the dangers inherent in the broad appointive powers of the President and his control of foreign affairs and the military forces. His program apparently includes development of greater legislative checks on the Presidency, in consonance with the democratic ideals of the Liberal party, which he represents. The greatest problem facing the new President is, of course, that of finances, to cope with which he is well equipped.

Threats to Australian Unity

By JOHN RAWDON

ABOUT a year ago Western Australia held a referendum in which a large majority of its 450,000 inhabitants voted for secession from the Australian Commonwealth, of which it is one of the six federated States. In the United States, which is accustomed to granting the importance of sectional interests, it does not appear so strange as it does to English commentators that so small a population should be willing to face the difficulties and responsibilities of independent statehood. Geographical factors are of overwhelming importance in Australia, which has fewer inhabitants than those of New York City, but an area almost exactly the same as that of the Continental United States. It is therefore natural enough that people who live in the remote regions should

feel that their interests are neglected at Canberra, the Commonwealth capital, in favor of more populous districts.

Western Australia has been joined by other States, particularly Tasmania and South Australia, in protesting against the proportions in which revenue is allocated to Federal and State purposes. At Canberra, on the other hand, there has been a feeling that the Federal Government's powers should be increased if it is to function efficiently, for the Australian Constitution, like that of the United States, leaves the residuary powers to the States and not, as in Canada, to the Federal Government. As a direct consequence of Western Australia's threat of secession and of the discontent prevailing elsewhere, and on the

suggestion of Mr. Lyons, the Federal Prime Minister, a constitutional conference of the Federal and State Premiers met on Feb. 16 to review Australia's thirty-three years of federation. It immediately became clear that there was a sharp conflict of interest. Mr. Stevens of New South Wales was the only one of the State Premiers who defended the Federal Government's point of view; the others put forward various plans to obtain greater revenue for their States.

Prime Minister Lyons, in his opening speech, held out little hope of financial concessions, which would involve increased taxation and might threaten the Commonwealth's capacity to pay its way. He referred to a resolution by the five dissident Premiers which advocated, unless unification was the ultimate goal, amendment of the Constitution as the only way of putting the States on a stable financial footing, and he pointed out to them that they had not proposed any specific amendment. He deplored any suggestion that constitutional changes should be made on a depression basis, and suggested that the depression was the chief cause of their troubles. He then asked for Federal control of interstate shipping, of minimum wages and hours of labor, and of company law, films, aviation, broadcasting, unlawful associations and fisheries.

Premier Stevens of New South Wales, dissenting from the resolution, said that the States owed what credit they had to the Federal guarantee of interest on the whole public debt. He proposed, however, that the temporary grants to the smaller States should be made permanent, and that the Commonwealth should make some further financial concessions.

Acting Premier Menzies of Victoria said that the Federal guarantee was

poor compensation for the per capita payments to the States which had been made before the years of crisis. He contended that, failing the adoption of a virtually unitary government (which no one seems to want) the Constitution must be amended to insure that the States would have sufficient financial resources "to discharge in their sovereign capacity the duties reserved to them." Mr. Menzies's views apparently did not impress the Federal Ministers, who were inclined to regard the financial difficulties of the States as temporary; but he was enthusiastically backed up by Premier Butler of South Australia, who said he would leave the conference if some concessions were not made, and by Premier Collier of Western Australia, who renewed the threat of secession. Sir Walter Lee, Premier of Tasmania, endorsed this threat.

Mr. Lyons, replying to the criticisms of the States, reminded the Premiers that the present conference was experimental and had no authority to accede to any of the proposals made, and that suggestions for constitutional reform had to be submitted to Parliament and to popular referendum. None of the State Premiers, he said, had made concrete suggestions in regard to the means whereby Commonwealth liabilities might be lessened in order to make concessions to the States.

The conference then went into committee and considered certain practical schemes concerning revenue. None of the proposals made were acceptable to all the participants, and the financial discussions were finally abandoned as abortive on Feb. 26, although the Commonwealth Government appears to have agreed that the necessity for a constitutional amendment would not be regarded as a bar to any proposal which was otherwise acceptable. In these circumstances the States

proved to be quite unwilling to grant the Federal Government the powers which it desired, and the conference broke up on Feb. 28. Its practical decisions were limited to the agreement that the Federal Government shall control whaling, pearling and *bêche-de-mer* (trepang) fishing, thus providing a romantic subject of study for Federal officials who live far from the sea, and permitting the ratification of the recent international agreement on whaling.

The States, with the exception of New South Wales, to which the Federal Loan Council granted the statutory borrowing authority for which it asked, were bitterly disappointed, but the conference was not entirely without result, for the discussion of constitutional problems was valuable and informative. One of the most important of the questions dealt with was interstate trade; a commission of experts is to be set up to recommend how a clearer delimitation of Federal and State powers can be made. Although the financial difficulties of the States (which collectively still have a budget deficit) remain to be solved, and the threat of withdrawal from the Commonwealth has not finally been staved off, their readiness to disagree on constitutional problems is perhaps a sign that the worst of Australia's economic troubles are over.

The exact nature of these troubles and the methods adopted to meet them are explained in Professor Douglas Copland's book, *Australia in the World Crisis 1929-1933*, which has recently been published in the United States.

Although Sydney and Melbourne, each with a population of over 1,000,000, contain about a third of Australia's inhabitants, the country's chief resources are agricultural, and the depression was felt early and severe-

ly. It became extremely difficult to find the interest on Australia's large foreign obligations; the farmers' income fell, and since their purchases fell, too, there was much unemployment in the cities. The government consulted a committee of economists, of whom Professor Copland was the chief, and was advised to adopt certain remedies.

First, the economists endorsed, as a means of preventing credit deflation, the depreciation of the currency which had already occurred, and which the Commonwealth Bank found little difficulty in maintaining at a given level. Second, they recommended comprehensive but limited deflation, including the lowering of wages. Third, they suggested an extension and cheapening of credit through conversion of public loans to lower interest rates. This affected external as well as internal bondholders, and was carried out with the cooperation of the London money market, while private interest, rents and so on, were cut by legislation. Fourth, no encouragement was given to any attempt to create an artificial scarcity by withholding raw materials from the market; the wool crop was sold each year for what it would bring, thus leaving a clear field for the future. Fifth, the tariff, which had been raised in 1930, was lowered, since the chief problem was to raise agricultural rather than industrial prices, and to facilitate exports.

Australia differs in its economic position from industrial countries in that its chief source of prosperity lies in the export markets, and wages are, more clearly than in other countries, rather an item in costs than a basis for increased demand. The theories of Australian economists, though they would not all find favor elsewhere, have nevertheless been very well borne out in practice, and

the prompt disposal of stocks has enabled the wool growers to take full advantage of the improvement of the wool market in Great Britain, America and Japan.

In Professor Copland's view recovery would have been more complete if the tariff had been further reduced, but the manufacturing interests and the industrial trade unions are now exerting a great deal of pressure to have it restored to its former level, in order to benefit by the increased wealth of the farmers. The unions are also beginning to demand a restoration of the wage cuts, although the Federal Arbitration Court has recently further lowered the minimum wage.

BRITAIN'S BUDGET SURPLUS.

The British Government had a surplus of revenue over expenditure in the financial year 1933-34, ended March 31, amounting to £31,148,000, which was approximately what had been expected. The Chancellor of the Exchequer, who was to present his budget on April 17, has been overwhelmed with advice as to how he should spend the money, and what he should do with the additional revenue which will come in during the next year if taxation remains unchanged. The Archbishop of York in a letter to the *London Times* stated his firm conviction that the first claim on any surplus was held by the unemployed, whose insurance benefit was cut by 10 per cent in 1931. This humane view was opposed by certain orthodox economists and Conservatives on the ground that a reduction in income tax would be far more effective in restoring prosperity, and thereby reducing unemployment, than would be an increase in payments to the unemployed. This view was somewhat vitiated by the fact that those who presented it

are for the most part income-tax payers themselves.

Certain commentators drew attention to the fact that if the full war debt and normal internal debt redemption payments had been made, there would have been a deficit, but this statement ignored the equally important fact that there have been no receipts on war debt and reparations account, and that the obstacle to war debt payments lies, as the British notes have pointed out, rather in the sphere of international trade than in the mere capacity to collect the necessary revenue.

The British estimates of expenditure during 1934-35 on the three departments of defense all show a slight rise as compared with the previous year, and the British Government has therefore been accused of taking part in an armaments race. Two facts show this view to have little foundation. First, the total increase of £4,750,000 is chiefly devoted to naval construction, and is far from being comparable to the increases under that head made by other countries. Second, the air and army estimates are still below the level of expenditure in the last year of the Labor Government, which was noted, if at all, for its pacifist attitude. There is, of course, always the possibility that supplementary estimates may be made, but credit should at least be given to the British Government for delaying expenditure as long as there is hope for a disarmament agreement.

Politically the most significant recent event in the United Kingdom was the victory of the Labor party in the London County Council election on March 8, when a Municipal Reform (Conservative) majority of 42 was converted into a Labor majority of 14. The Liberal party, which previously held six seats, was

completely eliminated, and the present representation is: Labor, 69; Municipal Reform, 55. The new council met for the first time on March 14 and elected as its chairman Lord Snell, a former member of the House of Commons.

The Municipal Reformers attributed their defeat to apathy on the part of the voters, and pointed to a 33 per cent poll as evidence. They might have been reminded, in reply, that they received a steady, gradually rising vote of about 280,000 in the four elections since 1925, whereas the Labor party increased its vote from 232,000 in 1925 and 214,000 in 1931 (the year of Labor's débâcle) to 338,000 in 1934. A smaller proportion of the voters went to the poll in 1931 than this year. It seems, therefore, that the Labor voters were as apathetic as the Conservatives.

Apart from its value as an indication of the way the political wind is blowing, even if the local elections are far from being an accurate weather vane, the most important result of the election has been to turn public attention to housing and slum clearance. A large proportion of London's population is deplorably housed, and its new government is turning its first energies to correcting this state of affairs. This will undoubtedly involve an increase in local taxation, which the Labor party openly demanded in its election manifestos. The increase will not be so great as the Conservatives tried to frighten the electors into believing, but it is sufficient to perturb those who see no hope for national recovery except in the reduction of public expenditure.

The publication of the London County Council housing plan was shortly followed, perhaps only by accident, by the production of a national

scheme of slum-clearance and housing through government aid to approved projects of local authorities. In many parts of England the "council houses," put up with the assistance of government subsidies, are a most notable feature in the landscape, with their red roofs and rough-cast walls. They are far from beautiful, but, built as they are according to minimum specifications, they do provide adequate living quarters at a moderate sum for working people. The National Government, in its enthusiasm for economy, cut down the housing subsidies despite the theories of those economists, like J. M. Keynes, who believed in the stimulation of employment and industry by selected public works. The slowness which it has shown in resuming the encouragement of building has not added to its popularity, and Sir Hilton Young, the Minister of Health, has been accused of lethargy. Now, at last, something is to be done on a large scale.

THE IRISH BLUE SHIRTS

The bill restricting the wearing of political uniforms in the Irish Free State was passed by the Dail Eireann on March 14 by 77 to 61, though the government offered to reconsider the measure if the Opposition would stop wearing their blue shirts. As was expected, the Senate killed the bill on March 21 by a vote of 30 to 18. Mr. de Valera's government promptly introduced into the Dail a bill to abolish the Senate. Since the bill is sure to be rejected by that body it will take eighteen months, under the Irish Constitution, before it can be passed over its head. In the meanwhile much may happen. General O'Duffy, the Blue Shirt leader, continues to gain popularity by his appeal to youth, his enthusiasm for games and outdoor sports (he has been referred to as the "Dancing General") and the spirit

and vigor of his attack on the government; but he is, after all, rather a campaigner than a practical politician. It is difficult at present to know how an election would go, since Mr. de Valera is still strongly in the saddle, and does not necessarily lose popularity in the same degree that the General gains it.

Mr. de Valera's customary St. Patrick's Day address to his American compatriots made great play with the economic success which he says he has achieved, and there were comparatively few references to Anglo-Irish relations.

A storm in a teacup was raised over the new American Minister's presentation of his credentials direct to Mr. de Valera in his capacity as Foreign Minister, instead of to the Governor General, or Seneschal, as the Irish prefer to call him. That office has been reduced to a mockery by the appointment of an ardent Republican, Donal Buckley, and the incident has little significance.

THE EARTHQUAKE IN INDIA

The earthquake which took place in Northern Bihar, India, on Jan. 15 was probably the largest ever recorded. Its epicenter of 135 miles in length was about six times as large as those of the Japanese and New Zealand earthquakes of recent years. The damage was immense; in an area of about 140 miles by 90 miles all solid buildings were destroyed. The death roll amounted to only about 10,000, chiefly because the earthquake took place at a time when many of the people, who are chiefly agriculturists, were out of doors. The crops suffered severely, and witnesses who have surveyed the country from the air speak of the whole district as having been overlaid by sand and water cast up through the crevices in the earth.

Much destruction of property and many deaths occurred outside the district of greatest devastation, and the shock was felt and caused alarm over an area as great as that between the Great Lakes and the Eastern seaboard between Maine and North Carolina.

Gandhi is cooperating with the government by using his influence to secure help for the devastated regions, and has been made chairman of the unofficial Central Relief Committee. The cost to the governments of Bihar and Orissa and of India will be immense, since temporary dwellings have to be erected for hundreds of thousands of people and twelve towns must be practically rebuilt. A large sum of money has also been collected by the Lord Mayor of London for relief; but the chief burden must fall, unfortunately, on the inhabitants of the country, since for many of them their sole source of livelihood, the land, has been so violently disrupted as to be uncultivable.

Sir George Schuster, in presenting his last Indian budget on Feb. 27, made a financial review which can compare favorably with that of any other country. Despite the provision of a grant to Bihar and Orissa and adequate allocation to debt redemption, there is a surplus of 19 lakhs of rupees (about \$600,000). A new source of revenue in the form of excise taxes is to be tapped in future in order to provide revenue for education, health and other "nation-building" services. The international balance of payments and trade of India has also returned to a satisfactory level, and this, as well as the improved budgetary position, is very largely due to the continued outflow of gold that was being hoarded. The budget was well received in the Legislative Assembly.

A Lull in the French Storm

By GILBERT CHINARD

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THE political truce declared by all the French parties except the Communists when former President Gaston Doumergue left his rural retreat to head a national Ministry was seriously threatened even during the first week's existence of the new Cabinet. Only the fear of public opinion persuaded the reluctant Deputies to vote the extraordinary powers asked by the government. There was especially strong opposition to M. Doumergue's requirement that the Chamber should adjourn for two months—until May 15. After a short but very tumultuous session the government's plan for a recess was finally adopted by the Chamber on March 16 by a vote of 376 to 198, not an impressive majority. Thus freed for the time being from parliamentary criticism and opposition the new government began its task of reconstruction.

Premier Doumergue and his colleagues had first of all to deal with the financial problem. In some respects the treasury situation had improved during the first weeks of March; withdrawals from the government savings banks had ceased and holders of treasury bonds had shown more willingness to renew their obligations. The condition of the Bank of France had also grown steadily better, the outflow of gold having stopped almost instantly with the formation of the new Cabinet. Between March 2 and March 9, the gold reserve of the bank increased by 52,000,000 francs, which was interpreted

as a sign that the drain on the gold reserve had ended. Once again the French Government could allay the fears of the public, and declare, even more energetically than before, its intention to maintain the franc on a gold basis. Speaking before the American Club on March 22, Finance Minister Germain Martin declared that a second devaluation of the franc within a generation was impossible and recalled the internal disorders which resulted from an 80 per cent devaluation in 1926.

Since inflation was repudiated, the only alternative left to the government in its effort to re-establish some sort of order in public finance was a deflation of the budget, which admittedly showed a deficit of almost 4,000,000,000 francs. At a meeting of the Cabinet on March 29, economies totaling 2,585,000,000 francs were approved. This amount is to be obtained by reducing the number of civil servants by 10 per cent, by cutting the salaries of the remainder by 5 to 10 per cent and by lopping 300,000,000 francs from the army, navy and air estimates. These measures were not adopted without violent opposition on the part of Labor Minister Marquet and Education Minister Aimé Berthoud, who demanded that these reductions be accompanied by constructive measures against unemployment. This protest was echoed by the Central Committee of the Confederated Association of Public Servants, one of the largest groups of civil servants, and by the postal employees

union, which adopted resolutions condemning the government's economies. They vehemently denounced deflation, which, they declared, "has failed in all countries which have tried it, and will automatically lead to an aggravation of the crisis and the growth of poverty in the country."

Three Cabinets have fallen during the last twelve months over this question of economy, and it cannot be denied that strong inflationary forces are moving against this part of M. Doumergue's program. It is to be noted, however, that the civil servants did not threaten to call a general strike for they would receive very little public sympathy if they did under present conditions. M. Doumergue refused to discuss for the present the question of war pensions, indicating that the allowances to the veterans would not be reduced unless it was absolutely necessary; but more cuts and new economies will have to be agreed upon if the budget is to be really balanced.

That the French public is still restless and in a dangerous mood was clearly shown by various incidents which accompanied the investigations now going on before the commissions appointed to probe the Stavisky case and the conditions under which the police fired on the crowds in Paris on Feb. 6. There is certainly no sign of a political truce in the newspapers published by the extreme Right and the extreme Left, and their articles have been supplemented by posters containing charges and counter-charges.

During March the inter parliamentary commission of forty-four members held regular and sometimes dramatic sessions without in any way clearing up the mystery surrounding Alexander Stavisky's activities and death. Madame Stavisky still remained in prison in spite of her re-

peated requests to be released on bail. She appeared before the commission on March 6 and withstood questioning without giving any information of value. She said that, though at first she believed that her husband had killed himself, she "had been told so many things" that she no longer knew what to believe. Several members of the commission, after viewing newsreels which showed Stavisky on his deathbed, expressed doubt that he had committed suicide, thus echoing the suspicions of the Right press. On March 20 a new autopsy was ordered. After the body of Stavisky was returned to Paris, a new post-mortem held on March 24 confirmed the original verdict.

In the meantime new arrests had been made and several persons implicated in the scandal had tried to kill themselves. On March 6 former Deputy Edmond Boyer, accused of receiving 800,000 francs from Stavisky, attempted suicide. On March 17 Emile Blanchard, a high official in the Ministry of Agriculture, who was threatened with arrest on a charge of aiding the Bayonne swindler took poison, slashed his throat with a knife and was found unconscious in the Fontainebleau forest. He died later. On the same day Eugène Tribout, who conducted a Paris gambling house, was arrested on a charge of receiving Stavisky checks amounting to 800,000 francs and the next day his partner, Adrien Cerf, was also jailed. Their establishment was described as the meeting place for numerous suspects in the murder of Judge Albert Prince.

The political element was again injected into the case when a check stub for 2,000,000 francs in the name of Louis Proust, president of the Republican Committee of Commerce and Industry, a Radical Socialist organiza-

tion, was found among Stavisky's papers. M. Proust issued a flat denial that he had received any money, and it was later shown that the check had been cashed by a Stavisky agent named Gustave Tissier, who is now in jail. The investigators, however, were successful in tracing to London jewels valued at \$35,000, which belonged to Stavisky, and records of a bank account at Geneva amounting to 30,000,000 francs (\$1,974,000) were discovered and seized by the Swiss authorities. Unfortunately, the account had been closed a few weeks before.

As if the accumulated mysteries were not dark enough, Deputy Philippe Henriot on March 23 accused Stavisky of complicity in the murder of Jean Galmot, an adventurer and former rum-runner who, in 1928, got himself elected Deputy from Cayenne, capital of the French penal colony of Guiana. In the course of riots which followed Galmot's suspicious death, five persons were killed. It was asserted that Stavisky had plotted to overcome the small detachment of French troops at Devil's Island and Cayenne and to liberate the convicts. His alleged intention was to make the latter citizens of an independent State with Galmot as the titular head and himself as the real power.

Public opinion was even more disturbed by the assertion published in *Le Temps* and other newspapers that 1,200 pieces of evidence in the Stavisky case had disappeared since the hearings on Jan. 27, and by the fact that very little came out of the examination of the stubs in Stavisky's check book. The irritation of the populace manifested itself on several occasions. Seven men arrested in Bayonne in connection with the pawnshop scandal were mobbed by workers when they arrived in Paris on March 20. Two days later, when René Re-

noult, former Minister of Justice, attempted to plead a case before a judge whom he himself, when in office, had appointed, he was hustled out of the Palais de Justice by his fellow lawyers, who shouted "Down with Stavisky." Two lawyers who had been prominent in the case have tried to commit suicide; two others are in jail. In all, nineteen persons have been arrested; three are free on bail and five have been charged but not arrested.

No more satisfactory to the popular sense of justice were the results attained by the parliamentary commission on the "revolt" of Feb. 6. On March 9 the commission brought out definite figures on the casualties. Among the civilian population there were 17 deaths and 627 wounded, without counting those treated at home or in private hospitals. Among the military and the police there were one killed and 1,664 wounded. An examination of the horses of the Mobile and Republican Guards showed that none was injured by bullets, which seems to indicate that most of the shooting was done by the Guards. Police officials and officers of the Guards asserted that their men fired without orders, motivated by "spontaneous personal reaction," and under the impression that they were shooting in self-defense. It was also proved that only pistols were used by the police and that neither rapid-fire rifles nor machine guns had been employed.

On the other hand, the chief of the Sûreté Générale and the director of the police of the prefecture, who had investigated the nationalist and veteran organizations, expressed the conviction that there was no collusion between them and no organized movement to overthrow the republic or plot against the safety of the State. (See M. Mennevée's article, "The Plot

to Kill French Democracy," in CURRENT HISTORY for April.) Yet when former Premier Daladier appeared before the commission on March 7 he asserted that he had faced a plot to overthrow the government by force and placed the responsibility squarely on the veterans' society, the Croix de Feu. As if to counteract this accusation of a semi-Fascist plot, M. Chiappe stated that Eugène Frot, then Minister of the Interior, had recruited a secret force composed of dissident Socialists, former Communists and former Royalists and that he had informed M. Daladier to that effect as early as Jan. 27. This was indignantly denied on March 10 by M. Frot. Insisting that there was a revolutionary plot, he declared: "I am convinced that on Feb. 6 at least part of the rioters systematically desired to penetrate to the Chamber of Deputies. I could demonstrate this in the clearest fashion with the aid of a statement emanating from the organizations themselves after that night."

The testimony of March 17 tended to show that M. Frot had attempted to organize a group of younger men in and outside Parliament to "run the country by legitimate means." A municipal councilor of Paris, Le Provost de Launay, asserted that M. Frot had told him that he had even discussed the matter with representatives of the powerful Comité des Forges, the armament and heavy industries syndicate, and that he was ambitious of forming a new government. Similarly, Gaston Bergery, former Deputy of the Radical Socialist party, declared that the Jeunesse Patriote, Camelots du Roi, Croix de Feu and the Solidarité Française were armed on Feb. 6, and he maintained that the organizations of the extreme Right were acting in concert.

On March 26 the parliamentary commission became so alarmed by reports that the extreme factions of the Right and Left were arming that the government was requested to take measures to prevent them from obtaining weapons from dealers. Yet Maurice Real del Sarte, leader of the Action Française, declared that the members of his organization were not armed and he added: "We have no depot of arms, and I regret it extremely." In a series of raids conducted by the police throughout Paris and the suburbs, hundreds of rifles, swords and bayonets and stocks of ammunition were seized. But only two arrests were made. On March 29 the government demanded the strict application of the law of 1831 regulating the sale of arms of all sorts to individuals; but no request was made to surrender arms in the possession of a great number of former soldiers, presumably kept as war souvenirs. On the whole, no evidence of any plot was discovered; but accusations that the factions of the extreme Right were arming were renewed by M. Frot, who maintained that "a putsch is inevitable," and that "unless the government disarms the Fascist, Royalist and Nationalist organizations it will render inevitable the arming of the Left and extreme Left forces."

Taking a sober view of the situation, M. Perrier, head of the information section of the Police Générale, estimated the strength of the different societies which might be suspected of planning a putsch as follows: Action Française, membership 60,000, riot strength in Paris 1,200; Jeunesse Patriote, led by Right Wing Deputy Pierre Taittinger, 90,000, riot strength, 2,000; Solidarité Française, organized by former Senator Pierre Coty, 180,000, riot strength 1,500; Croix de Feu, 165,000, riot strength,

1,500; Taxpayers Association, membership 700,000, riot strength, nil. He added, however, that no cooperation existed between these different organizations and that they had no common program.

Outwardly at least, this view seems to have been borne out by the attitude of two veterans' groups. The Croix de Feu at a meeting held on March 11 repudiated all revolutionary intentions and congratulated themselves on having contributed "to the present truce." They further maintained that all parties were represented in their organization, which is growing fast since the sons and relatives of veterans decorated for bravery at the front have been invited to join. And on March 25 the Council of the National Federation of Veterans, which has 3,000,000 members, rejected violent methods and passed a resolution stating that they were "firmly attached to the republican régime and resolved to defend the liberties which are at its base."

At the present time only the extremists of the Right, such as Charles Maurras, press for "a quick civil struggle, decisively terminated by the victory of order and of the nation." (See Charlotte Muret's article on page 157 of this magazine.) But danger of more troubles and demonstrations seemed evident enough for Premier Doumergue to address the country on March 24. In a nation-wide broadcast, M. Doumergue told France that she must save herself at once from financial catastrophe and "civil war," warning that such strife would lead to foreign invasion. He gave his promise to punish the guilty "whose impudence and immunity have very justly exasperated the whole of the nation." Sharp fighting, however, took place in the provinces on the same day.

BELGIAN FOREIGN POLICY

In a speech delivered before the Belgian Senate on March 7, Prime Minister de Brocqueville emphasized the dangers to Belgium of German rearmament and pointed out that the Versailles treaty and the Locarno pact had failed to prevent it. Only a preventive war, he declared, could now check Germany, but he added that such a war would be criminal folly. The sole alternative would be the frank recognition that the only guarantee of peace would consist in a return to the old policy of mutual understandings. This speech, which was at first considered as a repudiation of the policies followed by France, was later satisfactorily explained after a visit of M. Barthou, the French Foreign Minister, to Brussels on March 27. On this occasion the foundations for a new commercial treaty with France were laid, and it was reported that Belgium would obtain a relaxation of the quotas and restrictions which have greatly impeded her trade with France.

According to the Belgian economist Fernand Baudhuins, however, Belgium's economic position is highly critical. He declared that the country was industrially unable to compete with Great Britain, the United States and Czechoslovakia and that, unless British prices rose, Belgian prices would have to be brought down to keep Belgium on the gold standard. At the annual meeting of the shareholders of the Bank of Belgium, Governor Louis Frank declared that the Belgian franc was covered by 68.08 per cent of gold bullion instead of the 30 per cent required by law. He emphasized the fact that the stability of the gold reserve had not been in any way affected by the fluctuations of the dollar.

German Unemployment Wanes

By SIDNEY B. FAY

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WHEN Hitler became Chancellor of Germany in January, 1933, the registered unemployed in Germany numbered almost exactly 6,000,000, or about one-third of the total working population. During the following months the new government succeeded in reducing the figure until at the end of November it was only 3,715,000. During December, owing to the extreme cold and the stoppage of much outdoor work, the number of unemployed rose again to slightly over 4,000,000. But during January, in spite of the unfavorable seasonal influences, it was reduced to 3,772,000, and, what is even more remarkable, during February, to only 3,374,000, the lowest figure in four years. This is an achievement of which the Nazis justly feel proud.

Germany's success in February, 1934, is all the more notable when compared with the figures for the same month in previous years. In February, 1933, the decrease in the number of unemployed was only 13,000, while in the three preceding years, in accordance with seasonal tendencies, there was a considerable increase: 150,000 in February, 1930; 80,000 in February, 1931, and 85,000 in February, 1932.

These figures, however, need some qualification and explanation. Their accuracy is often questioned abroad, either because writers doubt Nazi honesty, or because they do not understand the German statistics. The figures given above of registered unem-

ployed include those who are receiving unemployment insurance or other welfare support. In addition, there is, as in every country, a considerable body of "invisible" unemployed for whom there are no available statistics. These have been estimated at about 2,000,000 for Germany. During the past year the number has been somewhat reduced, but exactly to what extent it is impossible to say.

The figures for the decrease in unemployment are paralleled and authenticated by the wholly separate figures for the increase of the employed, revealed in the statistics of the Sickness Fund Bureaus (*Krankenkassen*). These show an increase of those employed from 11,500,000 at the end of February, 1933, to 14,000,000 at the end of February, 1934.

The general improvement in Germany during the past year has been due to a number of factors, many of them similar to those in the United States. There has been a considerable natural pick-up in German business, especially in the building trades and in agriculture. Employment has been extended to larger numbers by reducing the working hours per week to forty or thereabout, and by reducing the average working day from 7.33 to 7.19 hours. The Berlin government has aided in the financing of new building and of repairing or reconditioning old buildings. It has also provided means for public works on a large scale, especially the construction of fine new cement auto highways.

Part of the employment consists of so-called "substitute" employment, in which wages are merely nominal. This consists of work in the voluntary labor camps, emergency farm work, and emergency relief work. Nearly 1,000,000 persons are engaged in this "substitute" employment: 280,000 in the voluntary labor camps, including 10,000 women and girls; more than 250,000 who have been sent to the country as agricultural helpers; and some 300,000 in emergency relief work.

Another, although relatively slight, reason for the improvement in unemployment figures is that Nazi policies have created both new jobs and vacancies in existing jobs. Several thousand women have been taken out of work by marriage, encouraged by a government money grant or loan which has aided them in setting up a home, while other women have been dismissed from their places and the vacancies filled by men. The marriage index reached a maximum of 15.7 per thousand of population in December, compared with 10.6 last June and only 4.9 in January, 1933. One must bear in mind also the vacancies left by those who were put into concentration camps, dropped from office by the Nazis, or forced to flee abroad.

In a characteristically dramatic speech at Unterhaching, near Munich, on March 21, Chancellor Hitler reviewed the unemployment problem, pointing out the great achievements of the year past and the great tasks still to be undertaken. During the coming year some 150,000,000 marks is to be spent to enable 200,000 girls to become brides and found their own households while leaving their jobs free for men. Equally sweeping measures were outlined for increasing the number of female domestic helpers. The Chancellor warned employ-

ers that high dividends are less important than a reduction in the number of unemployed workers. Like Dr. Schacht, he declared that the financing of unemployment would not be brought about by any inflation or devaluation of the currency.

DECLINE IN GERMAN EXPORTS

During the first ten months of 1933, in spite of boycotts and other disturbances to Germany's internal economy, there was an increasingly favorable balance of trade. The surplus of exports over imports rose from 23,000,000 marks in January, 1933, to 98,000,000 in October. But in November and December it fell alarmingly to less than half the latter figure. In the first two months of the present year the same tendency continued, bringing about, for the first time since 1929, an unfavorable balance of trade. The surplus of imports over exports in January was 22,000,000 marks and 35,000,000 in February.

The decline in exports was caused mainly by a shrinkage in the export of coal and coke (to the extent of about 10,000,000 marks in February) which was not offset by a slight increase in the export of finished goods. Another cause was the decline in prices paid for the goods by foreign countries on a devalued currency. Though the value of the exports declined 13,000,000 marks in February, as compared with January, the actual volume of goods exported remained almost exactly the same.

The continued foreign boycott against German goods also probably had its effect. In New York, for instance, R. H. Macy & Co. reported that their orders placed in Germany for the six months ended Feb. 28, 1934, totaled only \$2,800, as compared with \$127,000 for the corresponding six months of 1932-33—a decline of

98 per cent. The company therefore had decided to close its Berlin office "owing to consumer resistance to goods of German origin." Similar action was taken by Gimbel Brothers, Bloomingdale Brothers, and Woolworth's chain of 1,941 stores. A far more important cause, however, for the disappearing market for German goods is the fact that Russia, irritated by the treatment of the German Communists and by Germany's peace pact and commercial arrangement with Poland, began to shift purchases from the Reich to other countries.

The increase in German imports was caused mainly by a rise in imported raw materials, mainly wool, cotton, copper, aluminum and oil fats (altogether about 13,000,000 marks), which was partially offset by a decrease in imported foodstuffs (about 10,000,000 marks) for February, as compared with January. The increased demand for raw materials was caused by the improvement in internal industrial activity, and the decrease in foodstuffs by the Nazi campaign to make Germany able to feed herself.

The two main consequences of this unfavorable trend in Germany's balance of trade, so far as foreign nations are concerned, are the decline in Germany's foreign exchange and gold supply, with the consequent difficulty of meeting her foreign interest payments, and new import restrictions.

On March 29 the Reichsbank gold holdings had decreased to 237,000,000 marks, a fall of 152,000,000 since Jan. 6. The ratio of the bank's gold and exchange reserve to its outstanding circulation had fallen on March 29 to the dangerously low point of 6.7 per cent, as compared with 8 per cent a week earlier, 9.7 a month earlier, and 23.7 a year earlier. This decline led Dr. Schacht, the president of the Reichs-

bank, in an address before the American Chamber of Commerce in Berlin on March 16, again to warn Germany's foreign creditors that it would be impossible for his country to pay the interest on the foreign commercial debt unless the world was ready to buy more goods from Germany.

The second consequence of Germany's unfavorable trade balance was the decision in the last week of March to put into effect a series of measures to restrict imports. On March 24 the government cut down further the amount of foreign exchange which German importers may acquire to pay for their supplies of foreign goods. Restriction of this sort was introduced in 1931, when German importers were allowed foreign exchange to a maximum of 50 per cent of their import requirements in October, 1930. By the new decree, however, the amount allowed was cut down to 17½ per cent of their imports in 1930. Other measures placed a temporary embargo on the purchase of foreign wool, cotton, flax, hemp, jute and copper. The embargo, which prohibits new purchases but not the importation of supplies already purchased, became effective on March 24 and will remain in force until May 6. At the same time there were established control boards for the rationing of these raw materials among German industries, and for the prevention of profiteering through an undue enhancement of their value. The embargo on cotton and copper will affect the United States and may be intended to emphasize the fact that Germany cannot continue to buy our products and at the same time pay the interest on the commercial debts—unless she is also allowed to make greater exports to us.

NEW GERMAN BUDGET

The Reich budget for the fiscal year 1934-35, which began on April 1, was

adopted by the Cabinet on March 22. It balanced revenues and expenditures at 6,458,281,000 marks, which was 600,000,000 marks more than the first Hitler budget. It follows the innovation introduced by the Hitler government a year ago of being restricted to Federal finances; revenues redistributed to the States are excluded. If they were included, the budget would, of course, total a very much larger figure. In the fiscal year 1932-33 this portion of the budgeted expenditures amounted to 2,300,000,000 marks.

According to the official statement accompanying the budget, the tax revenues have been estimated at no higher than the actual revenues of the preceding year, so that a further deficit, at least in the ordinary budget, should be avoided in the future. Increased expenditures are also stated to be almost entirely due to advance charges against the new budget caused by various labor-creation programs which have been partly financed by tax certificates, treasury bills and bills of exchange. The total of these advance charges is put at 660,000,000 marks for the fiscal year.

The increase in the military items of the budget, as compared with the two previous years, is shown in the following figures (in millions of marks):

	1932.	1933.	1934.
Army and Navy.....	674	671	894
Air Ministry		78	210
Storm Troops and Labor Service Army			250
Totals	674	749	1,354

It should be added, however, that Germany has always insisted that the expenditures for the Air Ministry are merely for defense, and that the Storm Troops and Labor Service Army represent not military forces but merely political soldiers for the domestic schooling of the German peo-

ple in the doctrines of National Socialism and in true comradeship.

THE RELIGIOUS CONFLICT

During March the conflict between church and State in Germany involved the Roman Catholics rather than the recalcitrant Protestants. One of the main points at issue was in regard to the Catholic youth organizations. The Nazis, and especially Baldur von Schirach, the Reich leader of the Hitler Youth, want exclusive control over all the physical training of the Catholic Youth, in order that the boys may be indoctrinated with Nazi political ideals. Therefore no Catholic youth organizations should be allowed to hike over the countryside in march formation or to wear religious uniforms.

The conflict between the high Catholic prelates and the Nazi authorities has also been sharpened recently. Cardinal Bertram, Bishop of Breslau, issued a pastoral letter to the clergy and people of his diocese on March 21 exhorting them to stand firm against attacks on the Catholic religion. Mgr. Bares, the new Catholic Bishop of Berlin, in a Good Friday sermon on March 30, denounced "Godless and heathenish books"; he did not mention Nazi publications by name, but the Nazi press took it for granted that he had them in mind, and consequently attacked him vigorously for infringing, as they claimed, the recently signed concordat by which the clergy were to refrain from preaching politics.

One of the most courageous and outspoken prelates has been Cardinal Faulhaber of Munich; but under pressure of the local Hitler Youth of Freiburg, the booksellers of that city were compelled to withdraw the sale of the Cardinal's volume containing his recent Advent sermons in which he

spoke of the proverbial indolence and drunkenness of the Germanic tribes.

The Pope in an Easter message to Catholic youth organizations in Germany made some striking strictures on Nazi propaganda, "which works with allurements and pressure for a new outlook on life which points away from Christ and back to paganism." A few days later a Nazi court in Duisburg, in a lawsuit between a Catholic and a Nazi newspaper, decided against the former and added the obiter dictum that Catholic newspapers were now "superfluous" in Germany. This was a little too much for Vice Chancellor von Papen's Catholic newspaper, *Germania* (published in Berlin), which mildly suggested that the remarks of the Duisburg court went beyond its juridical competence, that there was still room in Germany for Catholic newspapers apart from the strictly denominational local church papers and that there would be a Catholic press in Germany as long as there were German Catholics.

NEW AUSTRIAN CONSTITUTION

By the new constitution which Chancellor Dollfuss put into effect at Easter, Austria became one of the most autocratic States in Europe. It is to be an anti-democratic, clerical-Fascist State, known as the "Federal State of Austria" instead of the "Austrian Republic." Its laws emanate, not from the people, but from God Almighty. The Roman Catholic Church is made a privileged, established church. A new concordat with the Vatican will give effect to the religious and educational articles of the Constitution. There will be no freedom of the press, the stage, the movies or the radio; all these are placed directly under the control of the government.

Five Chambers are set up. The

Council of State is composed of forty to fifty members, all nominated by the head of the State, who continues to be President Miklas. The Council of Culture consists chiefly of priests and representatives of the Catholic Church. The Economic Council is composed of representatives of industrialists, bankers, members of the learned professions and government officials. The Council of the Provinces consists of nominated Governors of Provinces and their financial experts. These four bodies are to sit in secret, so that if any of their members should venture to criticize any matters of government, such criticism will not become public. Only the government may initiate legislation. The Councils, having advisory power, will be expected merely to make comments on any measures submitted to them. The fifth body, called the Federal Chamber, will be composed of delegates from the first four. Its only power will be to accept or reject measures laid before it. No interpellations, criticisms or amendments will be allowed. Its sittings, therefore, will be public.

In the same spirit, Dr. Richard Schmitz, named Mayor of Vienna on April 6 after serving as "Commissioner," decreed on April 1 a new municipal Constitution for the capital which removed the last traces of self-government. Councilors and aldermen are abolished. There will be no elective representatives of citizens. This is understandable when it is remembered that two-thirds of the citizens are Socialists. Instead, sixty-four persons, headed by three Roman Catholic clergymen and including one Protestant and one Jew, will be nominated to sit as a kind of advisory body. They can be dismissed either singly or as a body and replaced by others at the will of Dr. Schmitz, who was appointed Mayor by Chancellor Dollfuss.

Mussolini Moves Ahead

By WILLIAM E. LINGELBACH
Professor of European History, University of Pennsylvania

THREE events stand out in Italian history during March—first, the election of the twenty-ninth Parliament; second, the fifteenth anniversary of the birth of the Fascist party and the announcement by Mussolini of a "Sixty-Year Plan"; third, the signing of the pacts with Austria and Hungary.

The Grand Council of the Fascist party assembled in the Venezia Palace on March 2 to select from the names of 1,000 nominees, designated by the different corporations, a list of 400 candidates for election to the new Chamber of Deputies. The selection was apparently made in consultation with the National Council of Corporations, and the group chosen represents much more closely than did the former Chamber the corporate organization of Italian society. On March 25 the list was submitted to the electorate for their approval or disapproval, and more than 10,000,000 ballots, over 99 per cent of those cast, were marked "yes."

Of the newly elected Deputies more than half sat in the previous Chamber. About 150 are newcomers. Several members of the old Chamber have been elevated to the Senate. It is understood that the new Chamber, which is in some quarters called "the suicide Chamber," will vote its own dissolution. Whether it will first modify the national Constitution in such a way as to integrate the next Chamber more closely with the corporations, and so complete the plans for the corporate

State, remains to be seen. Influential elements in the Fascist party openly declare that the Fascist revolution, if carried to its logical conclusion, must set aside the Constitution of 1848, and create a new one.

On March 23, Fascists from every part of Italy assembled in Rome to celebrate the fifteenth anniversary of the beginning of the Fascist party and to honor the founders who joined Mussolini in Milan on March 23, 1919. In connection with the celebration, Mussolini astounded the world by the announcement of his long-term program—a "Sixty-Year Plan"—to carry Italy forward through the rest of the twentieth century. At the end of the period, he declared, the primacy among the nations will rest with Italy. Italy's future, he added, does not lie to the north or west, but in Africa and Asia; these are the logical geographical areas for her economic penetration. But even there it is economic, not territorial, expansion that is desired. Italy, Mussolini pointed out, must develop trade and commerce in the regions which are geographically near at hand and economically complementary to her own system. Already Italian tonnage exceeds that of Great Britain in the ports of Alexandria and Asia Minor.

It should not be concluded, however, that Italy has renounced her interests in Europe. Only a week before the announcement of the Sixty-Year Plan, a strong bid for commercial and political advantages in central Europe

was made when on March 17 Chancellor Dollfuss of Austria, Prime Minister Goemboes of Hungary, and the Italian Premier signed commercial treaties in Rome (See Professor Ogg's article on page 238 of this magazine).

Details of the conversion of the consolidated debt, discussed in the last issue of this magazine, reveal a gratifying confidence in the financial policy of the Italian Government, and reflect great credit on the authors of the plan. According to the latest dispatches, practically the entire amount involved has been converted.

Industrial conditions in Italy continue to improve slightly, except in the mining, cotton and silk industries. Rayon, linen, wool and hemp, as well as spinning and weaving, show improvement, while the chemical and metal industries are continuing on the high level of output attained late last year. Unfortunately, however, the unfavorable conditions in the export trade have not been overcome, and a further reduction in the cost of production is threatened if the intense competition in foreign markets is to be met. It is for this purpose that the government has empowered the Italian Cotton Institute to force all cotton spinners and weavers to become members and to regulate production, prices and terms of payment, and to reduce the cost of production.

Another step toward stabilizing Italian industry was taken during March when industrial financing was placed in the hands of the Institute for Industrial Reconstruction. The institute has bought 75 per cent of the industrial bonds and other obligations of the national industries and has issued government-guaranteed securities in their stead, offering to lend to industry the money thus secured on approved programs of production and expansion. The three

great Italian banking establishments—the Credito Italiano, the Banca di Roma and the Banca Commerciale Italiana—will henceforth restrict themselves to commercial banking business—that is, to collecting and distributing money balances and extending short-term credit advances.

A further indication of State control in the collective life of the nation is seen in the completion of the plan already discussed in *CURRENT HISTORY* for the nationalization of the cinema. A tax of 25,000 lire, or a little over \$2,100, is imposed for changing a foreign movie title into Italian, an essential alteration if the film is to be legally shown. Italian producers are also aided by a regulation which provides that one of every three films shown must be of Italian origin. Since America supplies 60 per cent of the foreign films imported into Italy, and carries on about 90 per cent of the business of showing foreign films in Italy, the regulations lay a heavy burden on Hollywood.

Early in March it was reported from London that Italy had definitely decided to desist from further naval building for the present year, and later Italian dispatches confirmed the report. Mussolini apparently pins his hopes on some sort of agreement for restriction at the disarmament conference. That the struggle for parity with France has been definitely abandoned, for the moment at least, is clear. In the meantime, the tendency toward militarization throughout Europe is reflected in Italy in the provisions for training selected groups of Fascist boys between the ages of 14 and 18 in machine-gun operation and practice.

SPANISH LABOR TROUBLES

Although a series of strikes swept Spain during March, disorganizing

the life of the country and causing civil disorder in Madrid, Barcelona and other industrial centres, the widely predicted general strike did not occur, nor did the groups of the Left coalesce to form a united workers' front, as had been expected.

At the beginning of March, Prime Minister Lerroux reorganized his Cabinet by replacing Martinez Barrios, Minister of the Interior, and Antonio Gomez Lara, Minister of Finance, who had objected to his concessions to parties of the Right, with other members of the Radical party, and by appointing Salvador de Madariaga Minister of Public Instruction.

The principal task facing the reorganized Ministry was to cope with the emergency brought on by the strike of over 100,000 workers of the building trades and metallurgical and typographical unions. On March 7 the government proclaimed a "state of alarm," a modified form of martial law, somewhat more rigorous than the "state of prevention" which had existed since the Anarchist-Syndicalist troubles following the elections in December, and warned the unions that it would exercise its powers to the full to crush all attempts to disturb the public order. A system of arbitration set up by the Ministry of Labor provided a modern method of settling disputes, and by March 19 most of the strikers had returned to work. For several days, however, few newspapers in Madrid could be published, and the industrial life of the country was severely handicapped.

In the meantime the strike of 28,000 gas and electric workers of the power plants in Catalonia threatened to deprive the cities and towns of the region of light and water. Obviously the police reserves and soldiers, who had taken charge of the plants when

the men walked out, could not be expected to operate power plants calling for a high degree of technical skill. To meet the situation the government rushed army and navy electrical engineers to Catalonia, and eventually the strikers, realizing that their cause was lost, weakened. On March 16, 20,000 of the 28,000 returned to work. The Catalans were particularly pleased, not only because of the prompt settlement, but also because the government, by adhering strictly to emergency measures under the "state of alarm" instead of declaring martial law, left the maintenance of order entirely in the hands of the Catalan authorities, thus dispelling the suspicion that Madrid would seize upon the first opportunity to impinge upon Catalan autonomy. On the whole, the incident has materially strengthened the position of the national government with the Catalans.

Not content with the suppression of the disorders, but convinced of the unwarranted damage and suffering inflicted upon the community as a whole by strikes, especially those of public utility employees, the government has proposed a law providing that workmen in these occupations must give thirty days' notice of intention to strike; those engaging in supplying food, twenty days; and all others, ten. The law also provides the machinery and the procedure to settle disputes without strikes. Such settlements made by the Cabinet are to be regarded as official and binding, with violations punishable by heavy fines and imprisonment.

The government's recent success is apparently bringing even the Socialists in the Cortes into line, for despite the threats of strikes and revolution made by Caballera and Prieto a month ago, they have now formally disavowed the strike as a political

weapon, declaring that it must be regarded as purely economic. By and large, the third government of Señor Lerroux, who has just celebrated his seventieth birthday, seems stronger at present than any Ministry since the fall of the monarchy. It has risen tremendously in popular esteem by its effective handling of the strikes and labor disputes, and, although it is still only a minority Ministry, dependent on the support of Catholic Action, it is difficult to see how the Right could desert it. Gil Robles, however, recently stated in an interview in *La Vanguardia* that the life of the present Cabinet is short. On the other hand, the Vatican has enjoined the Catholic parties to accept the new régime, cooperate with it, and secure through parliamentary action the much-desired modification of the anti-clerical legislation of the first Cortes.

According to recently published statistics, the leaders of the republic have further cause for confidence. The addition of over 500,000 to the number of depositors in the postal and insurance savings banks since the establishment of the republic indicates a respect for property quite different from the ideas of certain extremists. The leaders also point to the fact that the nation is slowly emancipating itself from foreign financial control, and that the three loans floated by the republic have each been oversubscribed at home. In line with this development, there has also been a gradual absorption by Spanish capital of the shares of Spanish industry and commercial enterprise held abroad. The nationalization of the oil business has already practically eliminated the Standard and Shell companies.

The Spanish budget for the coming financial year proposes expenditure of 4,673,000,000 pesetas, about 100,000,000 less than last year. Even at

that, a deficit is in prospect. The principal increases are for education, while expenditures for the army, navy and aviation have been somewhat reduced.

Steps to correct Spain's unfavorable trade balance have been discussed repeatedly during the month. By official decree, dumping and the unfair competition of the extremely low priced products of certain nations, especially of Japan, have been prevented by higher duties and the establishment of a quota system.

Americans in Spain who have been living without passports have recently been brought face to face with the provisions of the new Vagabond Law, and quite a number have been placed in concentration camps or prison. The situation is the more difficult because American Consuls are quite without funds for such emergencies, and cannot readily finance the return of citizens to America, even if evidence of citizenship were always obtainable.

PORTUGUESE AFFAIRS

The close friendship between Portugal and England, which dates back to 1373, was again revealed early in March when President Carmona, accompanied by the Ministers of Marine and of the Interior, paid an official visit to an English squadron anchored off Lagos. In the meantime, France has at last secured a commercial treaty with Portugal which brings to an end the trade war between the two countries which has been going on for more than a year. The accord was signed on March 13 and provides that Portugal may export her wines and liquors to France under certain restrictions if she grants to certain French wines and liquors a 50 per cent reduction in the minimum tariff, as well as favored-nation treatment to French shipping.

Toward Central European Harmony

By FREDERIC A. OGG

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A LONG-AWAITED conference of Premier Goemboes of Hungary, Chancellor Dollfuss of Austria and Premier Mussolini of Italy took place in Rome in the middle of March, and from it came three agreements which promise to figure largely in the political and economic life of Central Europe. The meeting was inspired chiefly by Premier Mussolini, who, as shown on numerous earlier occasions, believes that disaster is impending in Europe unless trade and industry are liberated, and that as good a place as any in which to start attacking the problem is the hard-pressed Danubian area.

When inviting the Hungarian and Austrian representatives to conference, the Italian Premier was under no illusions as to the difficulty of the undertaking. The uppermost need of both Hungary and Austria was larger markets, particularly in the case of Hungary for grain. Italy, however, had already bought grain from Hungary beyond her existing requirements; she had recently undertaken to purchase wheat from Yugoslavia and Rumania. For these reasons, doubtless, the Fascist press was instructed to raise no extravagant expectations; and the opinion was common that unless Mussolini's persuasiveness should avail to induce Austria to lower her tariff barriers against Hungarian produce, nothing very tangible could be accomplished.

Premier Goemboes arrived in Rome on March 12 and conferred with Mus-

solini a number of times before Chancellor Dollfuss put in his appearance on the following day. Conferences of the three started on March 15, and occupied that and the two following days. On the evening of March 16 it was announced that the discussions had been entirely successful, and next day the pacts were signed in Mussolini's huge workroom in the Palazzo Venezia. Hungarian and Austrian experts had been in the Italian capital several days before their political chiefs appeared, and discussions between them and the Italian experts took place simultaneously with the meetings of the Premiers.

Of the three protocols of agreement signed, two relate to economic and one to political matters. In the first economic document, the three States undertook (1) to conclude among themselves before May 15 the contemplated series of bilateral agreements to increase the facilities "for their reciprocal exports"; (2) to adopt measures, by the same date, "to overcome Hungary's difficulties resulting from the fall in wheat prices"; (3) to "facilitate and develop," as speedily and as far as possible, "the traffic at Adriatic ports"; and (4) to "create a permanent commission of three experts to watch and develop the economic relations among the three countries and to formulate concrete proposals in order to intensify them as far as possible in the spirit of the present protocol."

The second instrument, signed only by Italy and Austria, pledged the two

States to open, by April 5, negotiations looking to a new agreement designed to broaden their existing economic relations and involving preferential treatment for "the largest possible number of products manufactured in Austria and imported by Italy."

Every effort was made in Rome to represent the conference as having an economic purpose only. But no informed observer failed to recognize its political possibilities or was surprised when the first of the three protocols, in the order published, was found to be a consultative pact. Persuaded that collaboration among the three governments in the interest of the maintenance of peace and the economic restoration of Europe "may establish premises for wider cooperation with other States," the signatories bound themselves "for the attainment of the aforesaid ends": (a) "to agree among themselves on all problems which particularly interest them and on those of a general nature * * * in order to pursue a common policy," and (b) to proceed to "common consultation" whenever any one of the three considers it advisable. Without establishing an actual political alliance, the protocol contemplates such coordination of the foreign policies of the three countries that it seemed safe to infer that they would thenceforth act as a unit in international discussions.

One subject which Premier Goemboes would have been glad to see dealt with was studiously avoided. This was treaty revision. Neither of the other negotiators was willing to endanger the success of the effort at economic rehabilitation by arousing the ire that any reference to this explosive matter must have engendered. In a speech before the quinquennial assembly of the Fascist party in Rome on March 24,

Mussolini did not hesitate to reaffirm his well-known support of Hungary's claim to boundary revision. But that was a different thing from saddling the pacts with an undertaking on the subject.

The three protocols were signed by the Premiers as heads of governments, not as representatives of heads of States. No limit was placed on their duration; and since nothing was said about ratification, it was assumed that the agreements were effective from the date of signature.

In most quarters, the pacts were received favorably. The Austrian press was enthusiastic; that of Hungary hardly less so. Even more significant, France and Czechoslovakia—both of which have lately displayed sympathetic interest in Italy's attempt to aid the Danubian countries, and both instinctively cordial toward any move promising to obstruct the advance of German influence to the southward—manifested general satisfaction. Certainly no matter would be more likely to become a subject for the triangular consultation contemplated in the political pact than a move toward *Anschluss* between Germany and Austria. It should be added, however, that the Czechoslovak enthusiasm was dampened after Premier Mussolini's revisionist speech, which naturally was received with disfavor throughout Little Entente circles.

BALKAN PACT PROBLEMS

Freely criticized in Great Britain and other countries because of the omission of Bulgaria, the non-aggression pact signed in Athens on Feb. 9 by Greece, Turkey, Rumania and Yugoslavia (see *CURRENT HISTORY* for April, page 108) continued to absorb attention throughout Southeastern Europe during succeeding weeks. With the agreement awaiting ratification

in four capitals, a conflict of major proportions developed in Greece. As noted in these pages a month ago, the pact was no sooner signed than ex-Premier Venizelos and other Opposition leaders launched a campaign against it and against the Tsaldaris government for having placed Greek interests in jeopardy. Not that there was any objection to the professed purpose of "contributing toward the permanence of peace in the Balkans." The trouble lay with the opening article of the pact, wherein the four States undertook mutually to "guarantee the security of all their Balkan frontiers"—a pledge so sweeping, the Venizelists pointed out, that a liberal interpretation might oblige any one of the signatories to take up arms against a great power no less than a minor one.

It was argued, for instance, that in the event of an Italo-Yugoslav conflict, Greece might be forced into war with Italy, a friendly State, over issues with which she had no concern. In the early stages of the negotiations, Turkey had envisaged similar embarrassment for herself in case of a war between Rumania and Russia, and had secured an agreement from the Bucharest Government that in such a contingency Rumania would not expect Turkey to come to her aid. The Greek negotiators, the Opposition urged, should have taken similar precautions in respect to a possible Italo-Yugoslav conflict; since they had not done so, the only safe course was to refuse to ratify the pact.

In the end, both Premier Tsaldaris and Foreign Minister Maximos were obliged to meet the objection. Before the pact was submitted to the Greek Parliament, they agreed to a formula whereby ratification was to be accompanied by a declaration that, so far as Greece was concerned, the boundaries

mutually guaranteed were only those internal to the Balkans and that in no circumstances were obligations arising from the pact to be so construed as to involve the country in a war with Italy or any other great power. This concession once made, and assented to by the other three signatories (although manifestly weakening the force of the pact), the way for ratification was open, and on March 15 the Greek Parliament gave its endorsement by an overwhelming majority. In Bulgaria the press indignantly charged that as a result of the interpretation agreed upon the pact was in effect whittled down into a war treaty against that State only.

Another development that stirred much interest was the bringing to light early in March of a secret explanatory protocol by which the pact was accompanied when originally signed. From this document it appeared for the first time that the pact was to run normally for five-year periods, with, however, the question of continuance being raised at the end of the first two years. Informed persons were of the opinion that the purport of this latter provision was to open the door to Yugoslavia to withdraw at an early date if the other three signatories should stand in the way of a Yugoslav-Bulgarian rapprochement, now one of the cardinal points of Yugoslav foreign policy. Other significant provisions in the secret protocol included, it was said, one so defining "aggressor" that Bulgaria can be accused of aggression if (as happens frequently) Macedonian Komitadjis break across the frontiers of that country into Greece or Yugoslavia.

As might have been expected, revelation of the existence of the secret protocol stirred criticism at Geneva, where it was argued that if treaties can thus be "interpreted" in unpub-

lished protocols, the post-war system of open diplomacy as secured by the public registration of international agreements will inevitably break down. Indeed, it has been contended by League experts that the pact, even though ratified all round, will have no validity unless its secret supplement also is deposited at League headquarters and published.

POLISH AFFAIRS

At the initial meeting at Danzig on March 15 of a Society for the Study of Poland, Dr. Hermann Rauschning, Nazi President of the Danzig Senate and founder of the society, made a vigorous plea for better understanding between the Free City and Poland, in keeping with the recent German-Polish political rapprochement. "Most of us," he declared, "know little or nothing of our neighbor, Poland. Most of us have also failed to realize the tremendous historical importance of the Polish people's creation of an organized State." The German view of Poland, he further emphasized, is a survival from the days of Polish subjection and fails to take account of the realities and necessities of Poland's national existence in the post-war age. With characteristic moderation and ability, Dr. Rauschning has succeeded in greatly improving Danzig-Polish relations, and no one doubts the sincerity of his purposes. Unfortunately, he is no longer the real master of the Free City, for that position has fallen to a young Nazi leader, Förster, who is bent upon a policy of complete Nazification, even though it be manifestly incompatible with existing statutes and treaty rights.

The budget session of the Polish Parliament was closed on March 16 by Presidential decree without the Senate's having acted on the new na-

tional Constitution. The reason for delay, it now appears, was the desire of Marshal Pilsudski that the instrument be modified in a number of particulars before being finally made law, and a special session, it is announced, will be convoked during the Summer to complete the task. Before the prorogation, the usual powers were granted President Moscicki to issue interim decrees having the force of law. As the time for electing a new President of the republic approaches, the candidate said to stand highest in the dictator's favor is Foreign Minister Beck, who has especially commended himself by the skill with which he negotiated the recent non-aggression pacts with Russia and Germany.

The nine-year tariff war between Poland and Germany came to an end on March 7 when a trade agreement, in the spirit of the non-aggression declaration of January, was signed at Warsaw by M. Beck and the German envoy, Hans Adolf von Moltke. The agreement was not a commercial treaty but a protocol removing the restrictions and prohibitions piled up on both sides ever since the Germans started the war by imposing an embargo on Polish coal in June, 1925. No limitation of time was specified, but it was expected that negotiations would presently be started for a regular trade convention on the lines of the abortive treaty of 1930, which was ratified only by Poland. In Berlin the protocol of March 7 was construed as another step—although a costly one—in the freeing of Poland from French influence.

CZECHOSLOVAK-POLISH ISSUES

Since 1920, when the disputed Tesin district in Silesia was given to Czechoslovakia, relations between that country and Poland, both Slavic States,

have been good. At the present time, however, they are strained. Anti-Czech demonstrations in March, both in Warsaw and in a number of towns along the Polish-Czech border, have been resented warmly in Czechoslovakia, where it is suspected that Poland, having strengthened her international position by her non-aggression pact with Germany, is ready to drop her Slavic friends and even to reopen the old question of Tesin. A deputation composed of prominent citizens of the Tesin district recently protested to the Czechoslovak Minister of the Interior that certain Polish groups were conspiring against Czechoslovak territorial integrity, only to be assured that the republic's frontiers, including those of Tesin, are "fixed forever."

To a complaint by a Polish consul that Polish minorities (which in reality are very small) in Czechoslovakia are discriminated against a leading Prague newspaper retorted that Czechs "would be happy if Czech minorities under Polish rule could enjoy only part of the rights the Poles enjoy in Czechoslovakia." The controversy broke out afresh during the last week of March as a result of the expulsion from Poland of a number of Czechs long resident there, several of them prominent factory executives. French diplomacy has interested itself in settling the difficulty, and at the end of March it was announced that Foreign Minister Louis Barthou would visit Prague and Warsaw.

DUCA CASE VERDICT

The trial of 49 members of the Rumanian Iron Guard on charges of complicity in the murder of Premier Ion G. Duca at the Sinaia railroad station last December was started in Bucharest on March 19. Of three categories into which the accused were divided, the first consisted of the al-

leged actual assassins; the second of General Cantacuzenu, Corneliu Z. Codreanu (commander of the organization), the latter's father and brother, and others regarded as instigators of the murder; and the third of sundry of the Iron Guard rank and file who were accused of having known of the plot. Codreanu, who fled after the murder and had been widely sought, had been arrested on March 15 as he was entering the building in which the military courts were sitting. He had decided, he said, to give himself up and stand trial with the others.

Armed with charges and evidence filling 85 pages, the prosecutor opened his case at the trial by describing the ideals of the Iron Guard as typically Fascist, its objects being to destroy the democratic State and militarize the youth of the country, and its favorite method the organization of terrorist groups of assassins. The alleged actual murderer, Constantinescu, testified that he was a member of the "death section" and said that only he and two accomplices should be made to bear any responsibility for the act of Dec. 29.

The court, which consisted of one judge and four Generals in full uniform, handed down its decision on April 5. Constantinescu and his two accomplices were sentenced to life imprisonment (Rumania has no capital punishment), and Codreanu, General Cantacuzenu and the accused Iron Guard members were acquitted. This disposal of a case which has stirred the country for months immediately brought forth protests; some complained that the verdict was without legal justification, others that the acquittal of the Iron Guard members on a charge of conspiracy was absurd. At this writing it appears that the Tatarescu government may be forced to resign because of the verdict.

Fascist Trends in Northern Europe

By RALPH THOMPSON

ALTHOUGH Fascist doctrines have as yet met no notable success in Scandinavian or Baltic States, they continue to be a problem to the governments of these countries, and periodically cause considerable excitement and even disturbance. In Estonia, for example, martial law was declared on March 12 because of the threatening activity of parties with Fascist or Nazi tendencies. Political meetings were forbidden, over 400 members of the so-called Liberator group were arrested, and their newspapers were banned. Shootings and casualties were reported as the government searched homes and offices for ringleaders, and when order was restored a few days later, General Larka, Liberator candidate in the forthcoming Presidential elections, was apparently the only leader of the faction at liberty.

The difficulty in Estonia was directly connected with the Presidential campaign, and seems to have been the result of an unsuccessful attempt by the Liberators to frighten the voters into supporting General Larka rather than one of the other candidates, General Laidoner and Acting President Paets. The government's explanation for its drastic action was that the Liberators were being financed from abroad (which is to say from Germany) and were planning to seize power by force.

At about the same time that Estonia was experiencing this civil commotion, her neighbor Latvia experienced a change in government which is not without a Fascist aspect. On March 2 the Cabinet of Adolfs Blod-

nieks, which had been reconstructed about a year ago, resigned on a vote of no-confidence by the Latvian Chamber, and within two weeks a new government was formed by K. Ulmanis. The change marks a swing from the Left to the Right, for Blodnieks represented the New Farmers party and the interests of those who were provided with land under the agrarian reforms of 1920, while Ulmanis is a leader of the conservative Farmers Union and an advocate of constitutional reform which will transfer power from Parliament to the President. But the Latvian Parliament is still an active force, and during the last week of March the Chamber voted that the Ulmanis government discharge all State employees who belong to Fascist organizations or other Right groups hostile to the existing régime.

Lithuania's struggle with fascism is perhaps more real than those of her Baltic neighbors because it is complicated by the nationalistic ideas which have long influenced the German and Lithuanian residents of the Memel territory. Nearly every move which the Lithuanian Government declares necessary to the law and order of Memel is the subject of protest by Germany as an infringement upon the autonomy of the territory and the rights of the Germans living there; contrariwise, every sign of Nazi activity in the region is declared by Lithuania to be further evidence of a plot against the integrity of the Lithuanian State. Numerous notes have been exchanged by the foreign offices

of Kaunas and Berlin, but they do not seem to settle matters, and apparently irreconcilable forces continue to oppose one another as they have for years. During March there were numerous arrests of Nazi "agitators" and numerous counter-moves by the Germans. On Feb. 23, before the latest steps were taken, the Berlin Ministry of Foreign Affairs informed Lithuania that her actions were likely to have serious effects upon the future relations of the two countries.

In Finland and Scandinavia the friction between Fascist groups and their more democratic rivals is less intense. On March 13, however, the Finnish Diet adopted a law forbidding the wearing of any kind of political uniform or emblem in public—a move which accords with Denmark's action of several months ago and with Sweden's of last July. It was reported from Stockholm on March 21, moreover, that the Swedish Government would probably ban all armed groups or associations of a private character and make membership in such bodies illegal. Norway, on the other hand, seems to have found drastic measures of this sort unnecessary thus far, although in the near future she may have to cope with the growing strength of the National Union, a Fascist party headed by Major V. A. L. Quisling, former Minister of Defense.

KREUGER & TOLL REPORT

From Sweden comes an interim report of the liquidators of the Kreuger & Toll Company, which was declared bankrupt by the City Court of Stockholm in May, 1932, about two months after Ivar Kreuger was found dead in Paris. The report, which covers the period from May, 1932, to July, 1933, shows more clearly than ever the extent of the obligations of the bank-

rupt firm and the sorry condition in which the company was left by its presiding genius.

The liquidators report that in the period mentioned funds amounting at current exchange rates to about \$7,000,000 were secured from the sale of stocks and bonds and from other sources. The remaining securities of the company represent an enormous nominal value, but can hardly be valued at this time. There are, for example, 640,000 shares in the Banca Danubiana, Bucharest, which "have no value." "No acceptable offer" has been made for 4,000 shares of an Amsterdam bank. Several great blocks of securities must await the completion of bankruptcy proceedings in the United States before being disposed of. Others have been found to be the possession of other companies than Kreuger & Toll, and have been handed over to their rightful owners. What is more, the liquidators have been forced to report among the assets such nebulousities as "shares (possibly) of certain foreign match companies."

A lengthy list of claims "considered as good" is also included by the liquidators among the assets, but they have filed in addition a catalogue of "bad or disputed" claims which is startling. This debtor company is bankrupt, that one in liquidation; this claim is denied by the so-called debtor, that one "subject to investigation." Many suits for recovery against individuals and firms have been instituted, but few have been settled thus far. On the other side of the ledger, the outstanding claims against Kreuger & Toll on June 30, 1933, amounted to a sum (translated into current values) of about \$325,000,000. This total is disputed by the liquidators, and in their report they imply that it might be greatly altered by counter-claims.

Soviet Individualism

By ALZADA COMSTOCK
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THE Soviet Government at the end of the Winter was busy with the task of repairing breaches in the domestic economy and developing foreign connections. As fear of immediate conflict on the Eastern frontier had abated, temporarily at least, the Kremlin turned its attention to the pressing problem of the improvement of the country's economic position.

At home the Soviet authorities have undertaken a thorough Spring housecleaning—the most significant, some commentators assert, since economic planning was begun. As a result of the decision of the recent Communist party congress that a wholesale reform of the organization of Soviet industry and agriculture must be undertaken, an important decree was issued on March 16.

The decree opens with the statement that its purpose is "to secure concrete leadership in all branches of governmental and economic work," to perfect the working organization of the Soviet Union, and to wipe out bureaucratic weaknesses. The committee system is to be abolished in every branch of the government except the Soviets and the legislative committees, and the principle of individual management and responsibility is to be substituted. The Commissars are given only two weeks in which to abolish the committees and only a month for installing the individual system of management. The reforms, the decree continues, should abolish so much unnecessary red tape that before the end of 1934 from 10 to 15 per cent of the

State office employes can be dispensed with and sent back to productive work.

Constructively, the decree calls for a strengthening of the connections between the central executive boards and the factories and farms which they administer; an increased participation in economic administration by local bodies, and the extension of "Socialist competition" and the "adoption" of handicapped economic groups—such as collective farms—by the more successful organizations so that encouragement and supplies may be insured. The productive work of women is given still further impetus by the decree. The trade unions, which long ago became arms of the government, charged with the carrying out of social welfare duties, are to have additional functions in the furnishing of houses, household goods and food supplies.

Struggles against entrenched bureaucracy are seldom simple, as France has long since discovered. Undoubtedly Soviet Russia will furnish no exception. Walter Duranty, in cabling to *The New York Times* for March 18 a summary of the Soviet decree, recalls Lenin's drive against "Public Enemy No. 1" (bureaucracy) in the Winter of 1921-22. After six months' effort to dislodge "people who sit in offices writing papers" Lenin is said to have remarked with acerbity that the only result he could see was that the number of bureaucrats had increased by 10 per cent. In view of the improvement in the organization of Soviet Russia since that

time, something better than the 10 per cent increase may be expected from the present drive, even if the "liquidation" of "people who sit in offices writing papers" is never easy.

The emphasis of the decree upon individual responsibility has begun to attract the attention of Westerners, who see in it a sign of a coming change in fundamental policy. It should be noted, however, that individual responsibility within the Soviet framework must be distinguished from individual freedom accompanied by the ability to hold property or accumulate profits. There is nothing in the recent Soviet reorganization decree to justify the familiar remark that "Soviet Russia is returning to capitalism." The reform is a house-cleaning within governmental bodies in order to bring about simplification and efficiency in the organization.

Four days after the reorganization decree was published, a second decree appeared, announcing changes in the Labor Code. This order goes still further than the first in defining individual responsibility for work done, in this case on the part of the worker himself. Its most important sections are those which in effect provide for rewarding able workers with higher wages by abolishing a fixed minimum wage and enforcing reductions for inefficient workers. The decree orders that "if a worker fails through his own fault to fulfill the plan outlined for him, he will be paid according to the quality and quantity of work done, with no minimum wage. If the plan is unfulfilled through no fault of his own, he must be paid at least two-thirds of the agreed wage." Workers who repeatedly fail to perform their allotted tasks must be transferred or discharged. The allied republics of the Soviet Union are instructed to revise their labor codes

to conform to the decree. Lenin's famous principle, "From each according to his ability, to each according to his need," appears to have undergone rough treatment under the Five-Year Plans.

Severe punishments for inefficiency in responsible positions continue to be imposed. Copper mine officials in the Urals, charged with "deceiving the Communist party and the Soviet Government" by overstating production have gone on trial. Death sentences have been decreed for the engineer and stationmaster involved in a recent train wreck in which thirty-three lives were lost. Railroad transportation is still unsatisfactory in all branches; passenger transportation remains inefficient and unsafe, and freight movements are uncertain and delayed in spite of the many reorganizations of railroad management.

THE SECOND FIVE-YEAR PLAN

The final schedules for the second Five-Year Plan, as approved by the Seventeenth Congress of the Communist party in February, have now been published. The average annual increase in industrial production is scheduled at 16.5 per cent, a decrease from the average of 21.6 per cent for the first Five-Year Plan. The promised emphasis upon consumers' goods industries is represented in figures which schedule an average annual increase of 18.5 per cent, compared with 14.5 per cent for heavy industries.

The stupendous accomplishment of the execution of the first Five-Year Plan should in no way be minimized on account of the adjustments made in the figures of the second plan. Nevertheless the new schedules, analyzed in their relation to the first Five-Year Plan estimates, reflect the difficulties in the established heavy industries which act as a drag upon that section.

The production of rolled steel, which amounted to 3,500,000 tons in 1913, may serve as an example. Scheduled production for the final year of the first Five-Year Plan was 8,000,000 tons, but in that year only 4,200,000 tons were actually produced. The second plan starts with the actual 1932 production as a new base, and schedules an output of 13,000,000 tons, an increase of 303 per cent, by 1937. It has been necessary similarly to revise downward the base from which coal production in the second five-year period is estimated. On the other hand, certain industries, such as oil, have gone ahead of the estimates of the first Five-Year Plan. In such cases, the base of the second plan has been revised upward.

Industrial production figures for the first quarter of 1934 show improvement in the heavy industry section, and it may be that the lagging members of this group can be forced to keep the pace in the period of the second Five-Year Plan. Nearly all these branches of industry have escaped the usual seasonal drop. Coal production has suffered, however, on account of the departure of some 10,000 workers for their villages in order to take part in the Spring sowing. This Spring migration is an annual problem of the coal mines. Even the degree of control which certain Westerners insist on calling "forced labor" is not sufficient to keep a Russian worker away from his home village when he feels the first warm winds of Spring.

The progress of the Spring sowing shows an advance over 1933. Weather conditions have been favorable, and it is said that in general the organization and spirit of farm work have improved greatly in comparison with last year. The Soviet Government is abandoning some of its more grandiose agricultural projects and is settling down

to the steady promotion and mechanization of the moderate-sized collective farms. Under the second Five-Year Plan the largest State farms are to be broken up into smaller units and excessive specialization is to be avoided.

An essential part of the emphasis upon consumers' goods required by the second Five-Year Plan is an improvement of the distribution of commodities. In the spirit of "self-criticism," which has long been encouraged in the Soviet Union, the Moscow press has recently administered rebukes to the supply commissariat and the distribution authorities, both State and cooperative. It is alleged that the supply commissariat is still behind schedule in the production of such essential consumers' goods as sugar, salt, kerosene and canned food. *Pravda* recently censured the trading authorities for allowing central warehouses to become choked with goods—and therefore with debts—while retail stores are empty, and for permitting such delays that Winter and Spring goods reach consumers only after the respective seasons have ended.

SOVIET FOREIGN RELATIONS

The non-aggression pacts signed by Soviet Russia with its Baltic neighbors, Estonia, Latvia and Lithuania, three and a half years ago were renewed on April 4 for a period of ten years. Commissar for Foreign Affairs Litvinov, speaking on behalf of the Soviet Union to the representatives of the Baltic States, reiterated his government's desire for peace. "Chauvinism, nationalism and racial prejudices are foreign to Soviet nationalism," he said, "and racial prejudices are foreign to the Soviet State, which does not put its ambition in conquests or the widening of its territories. Its only ambition is the achievement of that aim for which it was created and

in which it sees the whole reason of its existence—namely, the building up of a Socialist society." Meanwhile, rumors are again abroad to the effect that Soviet Russia is not averse to entering the League of Nations.

Perhaps the most significant sign of the Soviet Union's altered place in world affairs is the break in the financial blockade. On March 14 it was announced that Sweden would extend to the Soviet Government a loan of 100,000,000 kronor (approximately \$26,000,000 at the current rate), the proceeds of which would be used exclusively for purchases in Sweden. The loan, which is otherwise unsecured, bears interest at $5\frac{1}{2}$ per cent and is to be amortized from 1939 to 1941.

The Swedish loan is the Soviet Government's first true foreign issue. The earlier credit arrangements furnished by the German and other governments have been merely State credit guarantees for home exporters to Soviet Russia. The 7 per cent Soviet gold bonds held by some 3,000 investors in the United States represent an issue which is nominally a domestic loan. Although a 1,000-ruble bond which cost \$514.50 at the time of offering in New York, a little more than a year ago, can now be presented to the Soviet agents for repurchase at approximately \$870, it is reported that up to the middle of March no single bond had been offered to the Chase National Bank, as agent, for repurchase under the terms of the bonds. These signs of confidence in the financial faith of Soviet Russia have plainly given great satisfaction to the Kremlin, which is inclined, with justice, to stress the fact that the Soviet Government is one of the few in the world which have met their foreign obligations during the last fifteen years.

Plans for the development of Soviet-American trade have also made

progress. The Soviet Government intends to send a trade mission to the United States in the near future to investigate the possibilities for increased commerce offered by the new American Export-Import Bank. This bank, whose \$11,000,000 capital has been subscribed by the Reconstruction Finance Corporation and whose head is George N. Peek, is believed to be capable of financing Soviet-American trade up to the amount of \$100,000,000. It is assumed that credits will be granted for a period of three years and that only American export industries which are seriously in need of aid will have the advantage of financing through the bank. Actual credit transactions with the Soviet Government are not to be permitted, according to a resolution of the bank's directors on March 16, until after an agreement on the Russian-American debt question has been reached.

The terms of the Anglo-Soviet trade agreement, announced in the House of Commons early in March, suggest a difficulty into which Soviet-American negotiations may run. According to the terms of the agreement with Great Britain, Soviet Russia has made a "handsome admission"—in the words of Walter Runciman, President of the Board of Trade—by its assent to the principle that after 1938 Soviet imports from Great Britain should practically equal exports to Great Britain.

British comment on the agreement has been reasonably favorable. Apparently Soviet foreign policy has succeeded in this direction as well, for there has come one of the rare periods of calm in the turbulent course of diplomatic and trade relations between Great Britain and Soviet Russia. The Soviet Government, which appears to be mending its fences on all sides, is recalcitrant at the moment only with respect to the wheat

export quota agreement offered by the representatives of the "big four" among wheat producers—the United States, Canada, Argentina and Australia—meeting in London. If Soviet Russia continues until July 31 to refuse to accept a wheat quota, it is assumed that the big four will then attempt to induce her to sign for the following cereal year.

The principle of an export-import parity would be difficult to apply to trade relations between the Soviet Union and the United States, since the latter has been accustomed to a substantial balance in its favor. Moreover, American imports from the Soviet Union are likely to continue to be limited to the group of articles which includes furs, manganese, platinum, caviar, wines and vodka. However, S. S. Shipman, Director of the Information Department of the Amtorg Trading Corporation, speaking before export managers in New York on March 13, gave the reassurance that while an ultimate balance of exports and imports must be maintained by the Soviet Government, this does not mean that Soviet Russia will demand exact export-import parity with each individual country.

On April 2 the new Soviet-American relations materialized in a picturesque fashion. On that day the motor freighter *Kim*, home port Leningrad, arrived in New York with a cargo of Caucasian wines and other commodities. The *Kim* is the first ship which has ever flown the flag of the Soviet Union in the Port of New York.

Soviet Russia has at last ironed out its exchange difficulties with Germany. Late in March a protocol was signed providing that the Soviet Government would continue to meet its German obligations in gold, foreign currency and reichsmarks. The reichs-

marks are to be obtained from permits to Germans to import from Soviet Russia. The Russians anticipate that their present indebtedness to Germany, which amounts to 650,000,000 marks (about \$253,500,000 at present rates), will be wiped out by the end of the year, and that they can then put Soviet-German trade relations on a new basis.

Soviet Russia now ranks third in the world in the length of its air lines, second in respect to air mail, and first in the use of aircraft in forestry, agricultural and patrol work. The country still hopes to win the stratosphere record in an official ascent, and is constructing a special airplane dirigible to make that attempt.

The New York Times has announced that, although in response to Walter Duranty's desire for more time for independent work a new correspondent, Harold Denny, has been sent to Moscow, Mr. Duranty will still spend a part of each year in Russia and will continue to send dispatches to *The Times*. Mr. Duranty's record as correspondent is picturesque and unique. For twelve years he has sent from Moscow colorful and penetrating accounts of the great experiment. Selections from these dispatches have been republished in *Duranty Reports Russia* (New York: Viking Press, 1934. \$2.75). In Alexander Woolcott's introduction to the book, one sentence is worth noting. After describing the ovation given Mr. Duranty at a dinner of the Russian-American Chamber of Commerce at the time of the recognition of the U.S.S.R., Mr. Woolcott observes: "One quite got the impression that America, in a spasm of discernment, was recognizing both Russia and Walter Duranty."

The New Turkish Diplomacy

By ROBERT L. BAKER

TRUTHFUL diplomacy has long enjoyed a reputation for shrewdness. Even in the last decrepit years of the Ottoman Empire it showed a remarkable facility at playing off the great powers against one another. Republican Turkey has not lost that skill, though it is now applied with less subtlety than in the old days and is entirely free from the double-dealing that sometimes disgraced the Sublime Porte. And that skill is put to constant use. Possibly no other country's foreign office is so keenly alert in maintaining and extending its diplomatic friendships. Tewfik Rushdi Bey, the Turkish Foreign Minister, moves about rapidly from one neighboring capital to another in an effort to improve Turkish commercial, neutrality and arbitration pacts, and to promote broad multilateral agreements designed to secure the peace of the Near East and the Balkans. Though a member of the League of Nations, Turkey appears eager to supplement such security as that connection provides by regional pacts, based on pledges of non-aggression, arbitration and cooperation in case of attack from outside. Turkey, in fact, has been chiefly responsible for arranging the Balkan conferences in recent years, and while these have not been very successful, Turkey's prestige has grown and better relations with certain countries have resulted.

The Balkan area has not proved fruitful in regard to a satisfactory regional pact, mainly because of the struggle for influence in that region

between France and Italy, with British influence restraining Bulgaria. Now the Turks seem to be turning their eyes toward the East and South, with the idea of forming a Moslem bloc, eventually to include Turkey, Persia, Iraq, Syria, Transjordan and Egypt. Personal contacts between leaders are especially important in the Moslem world in bringing about understandings of this nature. For this reason considerable significance is attached to the visits to Ankara of Riza Shah Pahlevi, King of Persia, of young King Ghazi of Iraq and of King Fuad of Egypt, all of which are expected within the next year.

Riza Shah is to go to Ankara in May, and will be entertained by the Turkish Government, which has been negotiating with Teheran about the visit for many months. Relations between the two countries are not only very cordial, but their leaders have much in common. Both are reformers and "Westernizers." Both are soldiers and are intensely concerned to protect the integrity of their nations against foreign capital and influence. The only serious difficulty that has thus far arisen—in 1930, when Turkish forces pursued rebel Kurds across the frontier into Persia—was amicably settled. Persia ceded a Kurdish region near Mount Ararat to Turkey in return for corresponding territory further south. If a Middle Eastern bloc is indeed contemplated by Turkey, its foundations will be laid in concert with the Persian monarch.

The late King Feisal visited Mustafa Kemal three years ago, and had

arranged to go again to Ankara this coming Summer. It is thought that King Ghazi may carry out that plan.

Moslem Egypt and its King, Fuad, who is one of the foremost princes of Islam, were offended by many of the Turkish reforms, and especially by the abolition of the Caliphate. But with the passing of time, this feeling is rapidly disappearing and there is now a better chance of cordial relations between Egypt and Turkey than since the Kemalist revolution. If King Fuad does not visit Turkey this year, because of the state of his health, it is considered certain that he will do so in 1935.

An extremely unusual development, to say the least, has occurred in the relations of Turkey and France. In February, a Franco-Turkish group, composed of Deputies and Senators, was formed in France under the presidency of Edouard Herriot, former Premier and now Minister of State. Its somewhat vague purpose—"to promote cordial relations between the two countries"—was communicated to the Turkish Parliament by M. Herriot, with the suggestion that the Turkish legislators should form a similar group. When the Turkish Grand National Assembly reassembled after its Ramadan recess, 75 Turkish Deputies formed a Turco-French group, and in a message to M. Herriot, pledged their support to the common purpose.

What precisely lies behind the French move? French friendship with Turkey is, of course, of long standing. France was the first European nation to conclude a treaty with Turkey, as far back as 1535, and from about 1830 until the World War the French were the most sympathetic of all the Western European peoples toward the "unspeakable Turk." Since the war, however, the relations of France with Republican Turkey have

not been as cordial as they were with the empire. That being the case, is M. Herriot's group simply seeking to repair the old friendship and possibly to gain trade advantages? Or, in view of the intense naval rivalry with Italy in the Mediterranean and the struggle with the same power for influence in the Balkans, has the Quai d'Orsay inspired the Franco-Turkish group to prepare the ground for some future understanding with Turkey that might serve as a threat to Italy in the Eastern Mediterranean? Moreover, French diplomacy has recently been obliged to play second fiddle to that of Mussolini, and the French Foreign Office doubtless yearns for some diplomatic victory to match his in Central Europe and in promoting the Four-Power Pact. Parliamentary groups such as the Franco-Turkish are rare, if not unique, and would scarcely have been formed without good reasons in French policy. On the Turkish side there is deep suspicion of the intrigues of the great powers, and the Turks are determined and well able to look after their own interests.

The nationalization of Turkey's railways proceeded a step further on March 4 when the government announced its decision to purchase the profitable 450-mile Smyrna-Kassaba Railway from French interests. This road serves one of the most fertile regions in Anatolia.

Though but little news has leaked out, the Turkish Government appears to be having serious budget difficulties. Revenues from the State monopolies, from customs and from income taxes are reported to have declined considerably. As a result, observers in Istanbul predicted that the income tax would again be raised, with higher imposts on sugar, bread and other foodstuffs.

The Grand National Assembly decided on Feb. 4 that cattle stealing was becoming too prevalent in the country, and passed an ingenious law to suppress the evil. Now, if stolen cattle are not restored to their owners within twenty days, the value of the animals will be deducted from the salary of the highest ranking Federal official in the locality.

A number of important changes have recently taken place in the Turkish diplomatic service. Muhtar Bey, the Ambassador at Washington, returned home to enter active politics and is campaigning for a seat in the Grand National Assembly. His post was taken by Munir Bey, former Ambassador in London. Fethi Bey, former leader of the now defunct Liberal Opposition party, was sent to London.

PALESTINE RIOT SENTENCES

Of the eighteen Arabs tried at Jaffa in March for participating in the illegal demonstrations and riots at that place last October, only three were acquitted. Among the fifteen convicted were prominent members of the Palestine Arab Executive and the president and vice president of the Palestine Arab Youth Federation. Ten of the demonstrators were sentenced to ten months at hard labor. These included Auni Bey Abdul Hadi, a well-known lawyer and a leading spirit in the Arab Nationalist movement, and Jamal el Husseini, executive secretary of the Arab Executive. Five others received sentences of five months at hard labor.

Although indignation was aroused among the Arab population by these penalties, the fact that justice was dealt out on the merits of the respective cases without regard to the position of the Arabs involved is evidence that the British authorities are not showing any undue partiality toward

the Arab cause, as is charged by some Zionist circles.

NEW IRAQ ARMY LAW

A new National Defense Law, including compulsory military service, was passed with enthusiasm by the Iraq Chamber of Deputies on Jan. 10. In advising the adoption of the law, the Military Commission declared that compulsory service would not only provide the country with a much larger and more efficient fighting force, but would also be invaluable in teaching discipline to the nation and in the "inculcation of energy among the people." The term of service under the law will be for ten years, divided into three stages, the first consisting of active training and the other two in the reserve.

It is estimated that conscription will double the size of the present army for the same cost. Exemptions, however, are generous. Wealthy parents can secure exemption for their sons by paying about \$150. Also exempt are students in high schools, technical schools, religious colleges, police training depots, &c.; the heads of religious communities, the second son of a man who has lost one son in military service, and young men with dependents.

WAR IN ARABIA

Actual hostilities between Ibn Saud, the Wahabi King, and the Imam of Yemen appear to be in progress. Negotiations to settle their boundary dispute in Southwestern Arabia by peaceful means continued for seven months, but finally broke down in the middle of March. The Saudi Arabian Legation in London on March 23 published a communiqué from Mecca to the effect that Ibn Saud had ordered the Crown Prince to oust Yemen troops from the disputed region.

Japan Seeks American Agreement

By TYLER DENNETT

Professor of International Relations, Princeton University

IN an "informal and personal message" delivered to the American Secretary of State on Feb. 21, the Foreign Minister of Japan remarked: "Exactly eighty years ago Japan and the United States opened their doors to each other." But the exchange of ratifications of the Perry treaty, to which reference was apparently made, occurred on Feb. 21, 1855, seventy-nine years ago. Furthermore, it is not in the record that before that time America's doors were in any way closed to Japanese, although the Japanese Government did impose heavy penalties upon any of its subjects who sought to leave Japan. It may be inferred, therefore, that the "informal," "personal" and telegraphed anniversary message attached less importance to the seventy-nine years of elapsed time than to the eight days intervening before the enthronement of Henry Pu Yi as Emperor of Manchukuo.

Foreign Minister Hirota, having alluded to the fact that Japan and the United States produce few commodities which represent conflicting interests in their foreign trade, declared that "no question exists between our two countries that is fundamentally incapable of amicable solution." There was no direct reference to Manchukuo. The message contained the further declaration that Japan has "no intention whatever to provoke and make trouble with any other power." This statement would seem to be an answer to the Soviet charges so often repeated in the last few months that Japanese policy in Manchuria has

been definitely provocative. The Foreign Minister referred to the efforts which he has been making to establish a "peaceful and friendly relation" with the United States.

Secretary Hull's reply was delayed until March 3, and, while it was couched in appropriate diplomatic phrases, it included several thoughts which may not have been too satisfactory to the Japanese Foreign Office. The Hirota message contained a vague, very vague, hint that Japan would welcome a conference with the United States. Secretary Hull replied by expressing the "earnest hope that it may be possible for all of the countries which have interests in the Far East to approach every question existing or which may arise between or among them" in a spirit and manner which will give "injury to none and lasting advantage to all." As for the intentions of the American Government with reference to the existing questions, it was reiterated that the United States wishes to adjust them by "pacific processes." Presumably, then, the non-recognition doctrine — a "pacific process" — stands, at least until Japan is prepared to offer, not merely to the American Government, but also to all the powers interested in the Pacific, some pledges much more detailed and specific than those contained in the Hirota message.

The United States, for example, is probably not interested in preliminary naval negotiations in which Great Britain is not included. What-

ever the success which has attended Japanese diplomacy in Paris, it evidently is not possible in Washington diplomatically to divide and conquer the nine powers which signed the Washington treaty of 1922. The Hirota message, though indicating personal friendliness, revealed no desire by the Japanese Government to meet squarely the grave issues which result from the Japanese conquest of Manchuria.

The publication of the Hirota-Hull correspondence on March 21 was credited in Tokyo with easing the tension in Japan. The next day the Foreign Office spokesman assured the newspaper correspondents that Japan would be happy to enter into arrangements guaranteeing the independence and neutrality of the Philippines. At the same time it was denied that Japan had made or would make to the United States a proposal for trading a naval ratio of less than parity in return for recognition of Manchukuo, abandonment of the Philippine military bases and a Japanese immigration quota. Meanwhile the Japanese Foreign Office was making obvious efforts to give the appearance that relations with the United States were improving, as, in fact, they seemed to be.

JAPANESE FOREIGN TRADE

The phenomenal increase of Japanese trade with Latin America is demanding the attention of the commercial bureau of the Japanese Foreign Office. Japan is beginning to sell in Latin America considerably more than she is able to buy. In the case of the United States and Japan the situation is reversed; Japan buys more than she sells. Her principal purchase, of course, is cotton. The chief of the commercial bureau, Saburo Kurusu, suggested on March 26 that some sort

of three-way reciprocity trade agreement might be worked out by which the United States would absorb some of the balance in the Japanese-South American trade, thus offsetting the balance which Japan pays to the United States. The Japanese especially desire a trade agreement which will continue to assure the free entry of silk into the United States and of cotton into Japan. Preliminary figures for the total of Japanese foreign trade for 1933 show an increase of 32.5 per cent over 1932.

The Cabinet on March 9 introduced in the Diet a Trade Defense Bill, to give the government power to increase or reduce tariffs, as well as to prohibit or restrict exports and imports, upon the advice of a statutory committee. The measure is designed to give the government a weapon for either retaliation or for bargaining. On March 17, Japan withdrew from the Geneva Convention of 1927 which pledged its signatories not to increase tariffs or trade obstruction. Meanwhile, the unofficial Anglo-Japanese trade conference in London, which continued after the conclusion of the Delhi trade conference agreement, broke up, having been forced to abandon its efforts to perfect a trade agreement which would restore harmony to Anglo-Japanese trade competition outside India.

RUSSO-JAPANESE RELATIONS

Although March produced the usual crop of incidents in the relations of Japan and the Soviet Union, they were all significant less for the fact that they occurred than that they were met without belligerence. A Japanese scout plane which flew over the confluence of the Amur and Sungari Rivers was fired upon by Russian guards, who slightly wounded the pilot; the Japanese Ambassador in

Moscow on March 2 was instructed to file a complaint. The Japanese War Office on March 14 announced that a Soviet plane had been forced down thirty-five miles inside the Manchukuo border, about 150 miles north of Vladivostok. The two Russians in the plane were held pending investigation, notwithstanding the explanation of the Soviet Embassy in Tokyo.

Late in February the Soviet authorities at Vladivostok declared that the annual Japanese fishery bids were unsatisfactory. Russia doubled the rate of ruble exchange, demanding 75 sen per ruble. But the dispute was reported on March 20 to be on the way to settlement.

Negotiations for the sale of the Chinese Eastern Railway have languished, but on March 6 it was reported that Foreign Minister Hirota met Ambassador Yurenev for two hours. The latter is alleged to have offered a much lower price than any previously mentioned.

The charge that the Russians are supplying arms to Chinese insurgents was repeated on March 11 by the Rengo News Agency in Harbin in connection with the account of a revolt at Ilan, on the lower Sungari River, in which the commander of a Japanese infantry regiment was killed and ten other officers were reported missing. The natives around Ilan have been anti-Japanese from the beginning and it is suspected by the Japanese that they are receiving arms from Russians on the other side of the border. So there is much bickering back and forth, but the general situation between Moscow and Tokyo appears to be much eased.

OPENING UP MANCHUKUO

According to C. Nagakura, manager of the New York office of the South Manchuria Railway, the Man-

chukuo railway building project calls for an addition of 2,500 miles of new railways every ten years until a total of 15,000 miles has been reached. There has already been added a 375-mile crescent from Harbin to Tsitsihar, by way of Hailun and Koshan. To this crescent has been attached a sixty-mile branch to Merghen, and 190 miles are now in process of building from Peianchen, on the crescent, to Taheiho, on the Amur River. The area thus being opened up is suitable for both soya beans and wheat. The railway lines also will facilitate the movement of troops in the direction of the Siberian border, where it might be possible to cut the line of the Transsiberian route to Vladivostok. This new building is in addition to the proposed new line northward from Yuki, Rashin and Seishin on the Korean coast, to Sansing on the Sungari River. Work has been begun on a 100-mile extension to the Chinchow-Peipaio line in Jehol, and there is also a plan to extend the Taonau-Solun line to Hailar, or to Manchuli, thus skirting the border of inner Mongolia.

Reports emanating both from Tokyo and Manchuria make it appear that keen competition has already commenced among European manufacturers to furnish building materials for these projects. André d'Olivier, representative of the French National Association for Economic Expansion, on March 5 reported orders amounting to \$16,450,000.

General Kuniaki Koiso, Japanese Chief of Staff in Manchukuo, in an interview on March 7, declared that while Manchukuo has been forced to formulate a policy of State control of industries necessary for defense and for the most rapid development of communications, foreign investors would be welcome—even if their governments withheld recognition—in

other industrial enterprises and in merchandising. There is thus disclosed the difficulties inherent in any effort of the foreign powers to maintain a real Open Door policy in Manchuria. The most obvious enterprises now demanding capital are those which General Koiso would no doubt declare to be necessary for national defense and the development of communications.

IN THE JAPANESE DIET

The Japanese Diet concluded its session at midnight March 25. The Cabinet, which early in the month survived a minor crisis, secured no less than forty-eight out of the forty-nine bills it presented. The present government is expected to last at least another year, for Admiral Saito, as Premier, has achieved a notable political success.

Among the numerous measures rushed through the Diet in the closing hours was one subjecting the petroleum industry to rigid government regulation. Among the provisions to which foreign oil companies also are subject is the requirement that importers shall always maintain large stocks of oil—to insure plentiful supplies in event of war.

TRENDS IN CHINA

It continues, as in the past, to be not only difficult but impossible to select from the current grist of news any small group of items which, taken together, give a clear picture of trends in China. It was formally announced on March 28 that Dr. L. Rajchman, the League of Nations health officer, who went to China last Summer as liaison officer for the League in the proposed program of Chinese reconstruction, is returning soon to Geneva, as are Jean Monet, League financial expert, and Mr. Maurett, labor specialist. From "the highest official

circles" it was reported that the Chinese National Economic Council has about reached the conclusion that such highly paid expert service is too costly a luxury in view of China's internal conditions. Thus, the League program of cooperation is to be curtailed, all of which is pleasing to the Japanese, who from the outset opposed it. Japan also viewed with much satisfaction the retirement some months ago of Dr. T. V. Soong, who carried to Geneva the invitation which took Dr. Rajchman to China.

In similar vein is the announcement on March 14 of the reduction of the famous \$50,000,000 cotton and wheat loan which was arranged last year in Washington. Premier Wang Ching-wei said it would be cut to \$30,000,000, but it is expected that the reduction will be much greater. The wheat quota has been absorbed, but the cotton is moving slowly.

General Chiang Kai-shek appears to have followed up his success in Fukien by a bloodless victory in Canton. The Southwest Political Council, for five years a thorn in Nanking's side, and steadfastly opposed to conciliation toward Japan, was dissolved on March 6. A new alliance has been reported between Chiang Kai-shek and General Chen Chi-tang of Canton. It is expected that the latter will permit the establishment in Canton of a branch of the Nanking Military Affairs Commission, which will be entrusted with the general direction of military affairs in Kwangtung, Fukien, Yunnan, Kweichow, Kwangsi and Hunan. On March 26 it was reported from Hong-kong that for the deal Chiang Kai-shek paid \$15,000,000. Nanking thus achieves a step toward national unity which will permit concentration on the remaining Communists in Kwangsi, and upon the rebellious General Sun Tien-ying.



Before the Stork Arrives

MOTHERHOOD richly deserves the most skillful medical care to be had. But, far too often, safeguards which can be provided are neglected. As a rule, when proper preparations for childbirth are made, prospective mothers have little cause for anxiety.

Having the right physician is a great comfort. It means as much to the husband as to his wife to be entirely satisfied with the experience and skill of the doctor who may be called in attendance.

Long before the stork arrives, the doctor will advise about diet, proper rest and exercise, and will make periodic examinations. At regular intervals the doctor studies and records blood pressure, urinalyses, temperature, weight, heart and lung action, and possibly makes tests of the blood. Suggestions about mental attitude may also be given.



When there are no abnormal or disturbing conditions, Nature's processes should not be interfered with. But without hurrying Nature, expert obstetricians can often smooth the way for the modern mother by methods unavailable to her grandmother's physician.

With vigilant and unremitting care on the part of her physician and with her own complete cooperation, the period of waiting should be one of happiness and serenity for the expectant mother.

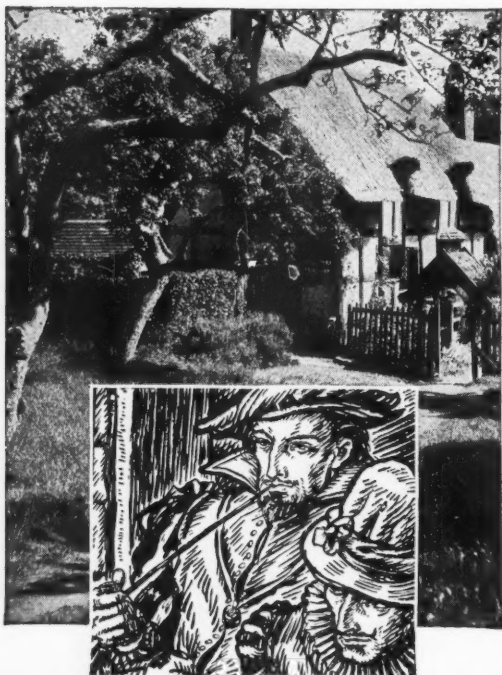
In many localities clinics give free service to those who cannot afford to employ the regular attendance of a doctor. Maternity Centers and other Health Centers give valuable advice and information without charge. The Metropolitan will send on request its free booklet, "Information for Expectant Mothers." Address Booklet Department 534-K.

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Continued from Page VII

Island, and "an American girl of about 18," so we read, "came hurrying across the park, with some companions in tow, sighted Roger Williams over her left shoulder and with an impish salute called out: 'Hi, Roger! How's every little thing today?'" Really that girl is too happy to be allowed to live her own life. She should be sent to Russia and organized as a Communist.

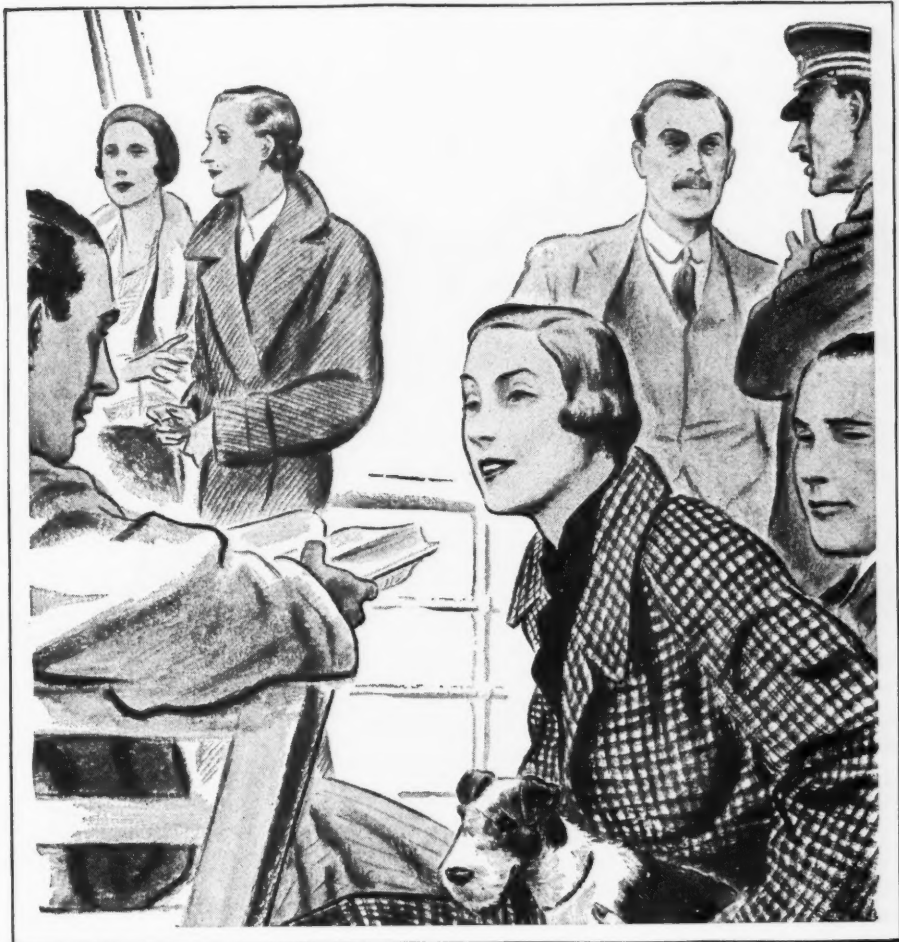
It was his own people in Yugoslavia that Louis Adamic as a naturalized American revisited and in his case, as in others, *The Native's Return* (Harper's, \$2.75) was an experience not wholly enjoyable. Much is said in criticism of the United States. But in Yugoslavia, the home of his childhood, this citizen found it hard to be happy and he has been glad—indeed, much relieved—to get back. In the old country he was conscious of a different atmosphere. It was fear—not the fear of lions and tigers, but the fear of officials and police.

This time it is through Sweden: *The Land and the People* (Viking Press, \$3) that, as an accomplished courier, Miss Agnes Rothery—an author who keeps faith with her public—escorts what, we are told, is an "ever-growing audience." Her materials are carefully collected. Her writing is excellent. Of Sweden—the scenery, traditions, problems and cookery—we have an account so comprehensive and so human that it does not cost us even \$50 to see the country. Mural-minded as Radio City itself, the publishers have printed the numerous photographs on the page without margins, which innovation—like "u. s. a" and "roosevelt," as typography—is exceedingly highbrow. No less intellectual in tendency are the wide open spaces under the pictures.

It is with a secular sovereignty, extending over one quarter of the globe, that Professor C. B. Fawcett of the University of London is concerned. Encyclopedic in style and authority, his *Political Geography of the British Empire* (Ginn & Co., \$4.50) deals with communities so diverse as Uganda and New Zealand. We learn why Gibraltar, hitherto regarded as impregnable, might succumb to modern artillery, and what is happening at Singapore as a naval base. This volume is a textbook in statesmanship. It brings into due prominence those basic factors—climate, resources and so on—which, as a rule, are ignored by visiting lecturers.

To a teller of entertaining tales like Talbot Mundy—whose latest yarn, *The Gunga Sahib* (Appleton-Century Company, \$2), like the rest of them, has we confess amused us—India is a mosaic of colorful contrast. Yet he knows his India well enough to be aware that the colorful surface covers an underlying chemis-

Continued on Page XII



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THE French, be it said, know how to live. But their precise formula is elusive, perhaps because there is none. . . . It is almost entirely a matter of spirit, of atmosphere. And nowhere do you find this more beautifully demonstrated than aboard a French Line ship.

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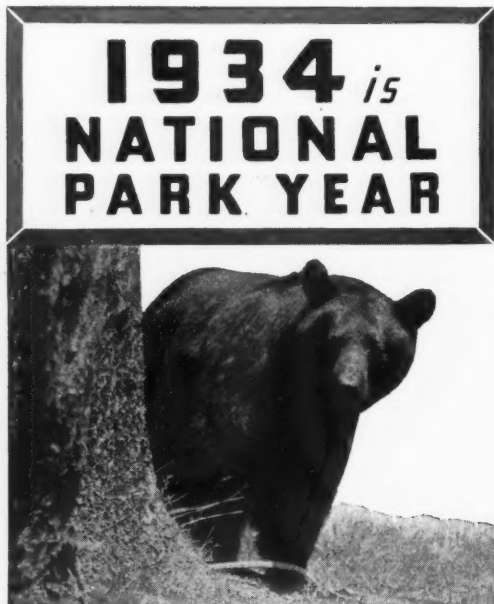
ings . . . broad sun-decks for basking or sport . . . a well-stocked library . . . intelligent company. And the food . . . ! French cuisine at its best . . . plus a rare choice of wines, at moderate prices.

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Continued from Page X

try which develops the explosive. It is not merely the East that we have to watch; it is the interpenetration of East and West.

Professor George Peter Murdock of Yale raises the curtain and invites us to see for ourselves how stupendous is the trusteeship over native races that, according to Kipling, is as much as ever the White Man's Burden. Depending on the "painstaking researches and penetrating observations" of "travelers, missionaries, government officials and anthropologists," he fills a volume of 600 pages, fully illustrated, with a description of *Our Primitive Contemporaries* (Macmillan, \$5). Into one family of "savage" simplicity there are gathered the aborigines of Tasmania, Eskimos, the Ainu of Japan, the Iroquois of Northern New York, the Incas of Peru and the Hottentots of Southwest Africa—to mention only a few of the communities which have yet to attain unto the culture of Oxford and Chicago.

What is involved in the problems now arising may be envisaged by a glance at a luxurious little brochure, issued with the assistance of the Julius Rosenwald Fund by the University of Chicago Press. Two of America's innumerable observers and one Englishman—Edwin R. Embree, Margaret Sargent Simon and W. Bryant Mumford—describe how *Island India Goes to School* (\$2). Island India means that "almost perfect land-bridge"—Sumatra, Java, Bali, Borneo, New Guinea and the rest, which is subjected by the Dutch to "an intricate system of officialdom." Seldom have we seen a report upon education so attractively presented, and the verdict of the triumvirate is favorable. There is progress. But the primitive culture continues. Indeed, the very success of a cautious policy adds to the responsibilities of an administration the importance of which is little appreciated. The population is no less than 60,000,000, and, owing to the improvement of hygiene, prevention of bloodshed and ordered prosperity, it is rapidly increasing. Holland may be a small power in Europe, but in Asia she is among the major contributors to civilization.

Throughout the world the name of Grenfell is a household word. Whatever he writes on *The Romance of Labrador* (Macmillan, \$4) would be read merely because he wrote it. On merits this book deserves its authorship. Really, it is amazing how a lifelong love of a remote country and its few hardy inhabitants will yield inexhaustible treasures of knowledge, covering trees and traditions, lynxes and legends, so much so that we get the idea that no single volume is nearly enough for the manners and customs of the reindeer. Grenfell is the one empire builder who has been 100 per cent a saint, and Labrador is merely the pillar from which this Simeon Stylites surveys the world as a whole.



On dining well

O NOBLE gastronomic muse descend . . . and inspire this discourse . . . !

The joys of eating beautifully prepared food are perhaps more immediate, complex and compelling than those derived from any daily experience. For what other art calls at once upon the four senses of taste, touch, sight and smell? Such a complicated variety of stimuli is reserved for devotees of the culinary cult.

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wines are served. In addition, the wine steward will suggest, if you wish, an accompaniment of fine old vintages . . . at surprisingly moderate prices.

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BOOKS OF THE MONTH

DURING the month, it is Charles Dickens who has provided the English-speaking world with a literary sensation. The death of his last surviving child, Sir Henry Dickens, K. C., has been followed by the release of papers which have thrown on the personality of the novelist two strangely conflicting beams of limelight.

On the one hand, we see Dickens as a man of profound, if unobtrusive, reverence for the Founder of the Christian Faith. He went to the trouble of writing the life of Christ for the instruction of his children, which little biography, suitably phrased in words that seldom exceed one syllable but otherwise unimportant, has been serialized widely in the press and is now published by Simon & Schuster (\$1.75). In addition, we have a number of prayers compiled by the novelist for domestic and intimate use. No one who studies these unusual documents will doubt the absolute sincerity of the man who wrote them.

On the other hand, we have to face once more the breakdown of the Dickens marriage. For the first time, the British Museum has disclosed the letters by him—published in *The New York Times*—which were there deposited by his wife after their separation. Nor can we imagine that any one who reads these and other relevant documents, will dispute the verdict on Dickens passed recently by Stephen Leacock in his life of the novelist. (Doubleday, Doran, \$3.)

Mrs. Dickens was the mother of ten children. The charge of incompatibility, subsequently brought against her, would seem to be, in any event, lacking in generosity, to use no stronger word. But assuming such incompatibility, what is the etiquette regarded at Reno as the chivalry of divorce? The husband accepts the blame. He is accused of "extreme cruelty" and he refrains from defending himself.

There is no doubt that, on the face of the record, the wife—whatever her side of the case—maintained an absolute silence while Dickens, thinking of his reputation, sought to exculpate himself, irrespective of the feelings of one who, according to his own testimony, had given him loyally all that she had to give.

A further sidelight on the situation is afforded by the letters of Dickens written to Maria Beadnell, afterward Mrs. Winter, who was the original of Dora in *David Copperfield* and his earliest love. These letters do not add very much to what Mr. Leacock has to say on that affair. But they are additional proof that Dickens—possibly for the delight of posterity—exploited his most intimate rela-

tions with others and by dramatizing them.

It has, of course, to be borne in mind that Dickens, despite his raging wrath against cruelties and wrong, was essentially a Victorian, culturally conservative and exceedingly sensitive to the breath of scandal. In so far as he defended himself against such gossip, he was within his rights. But, in his allusions to his wife, he went far beyond all that, and, in one case, his charge that she was mentally unbalanced appears to have brought him, much to his alarm, within the range of legal proceedings.

The 1933 Pulitzer prizes in letters and journalism were announced on May 7. Tyler Dennett's life of John Hay was rated the best biography, and thus for the second year in succession a regular contributor to *CURRENT HISTORY* was honored, Allan Nevins having won the 1932 biography award for his life of Grover Cleveland. The 1933 prize in history went to Herbert Agar for his study entitled *The People's Choice*; that in fiction to Caroline Miller's novel, *Lamb in His Bosom*; that in poetry to the *Collected Verse* of Robert S. Hillyer.

P. W. WILSON.

President Roosevelt's New Deal

ON OUR WAY. By Franklin D. Roosevelt. New York: John Day Company, 1934. \$2.50.

OF rulers who have written books, it would be interesting to call the roll. On the Parnassus where the scepter of power has been wielded as a pen, we find Solomon, Mussolini and Marcus Aurelius, King Henry VIII, King James II, the ex-Kaiser, David Lloyd George and Adolf Hitler, Lenin, Ramsay MacDonald, Theodore Roosevelt, Disraeli, Stanley Baldwin and Queen Victoria. It is in this company that President Roosevelt now takes his place.

In *Caesar's Commentaries*, the compelling quality is the inevitable. Reading the narrative, it is not easy to imagine how events in Gaul could have happened otherwise. So was it also with Wellington's dispatches, and Mr. Roosevelt's utterances display a similar finality. Amid a maelstrom of swirling economics, he so presents the New Deal as to exclude even a hint of contradiction. Woodrow Wilson was subtle in his simplicities. His phrases, "Peace without victory," "Too proud to fight" and the rest, were exquisite as scintillations but elusive as illuminants of public opinion. President Roosevelt arrays his meaning in the obvious. Take this typical sentence: "The idea is simply for employers to hire more men to do the existing work by reducing work-hours of each man's week, and at the same time paying a living wage for the shorter week." It is what Euclid would have called axiomatic.

Again, we have the saying of Cleveland that

"public office is a public trust," but with this corollary, "private office is a public trust."

"After all," the President has written, "there is very little distinction, so far as the effect on human beings is concerned, between the use of the authority of an Alderman or a supervisor who rules over a thousand citizens, and that of the president of a company who rules over a thousand employees and stockholders."

It is to the serenely axiomatic that, once more, the President attains, and the book, like its predecessor, *Looking Forward*, is fascinating also in its futurism. Its preface might have been the apostolic words, "Not as though I had already attained," and as we read, we hear the radio voice insisting, "My friends," we are merely "on our way." This is a book of essentials that should be seriously considered by every thoughtful and responsible citizen who is deciding in this electoral year how to dispose of his vote and influence.

P. W. W.

More Light on Wilson

WOODROW WILSON: *The Caricature, the Myth and the Man*. By Edith Gittings Reid. New York: Oxford University Press, 1934. \$3.50.

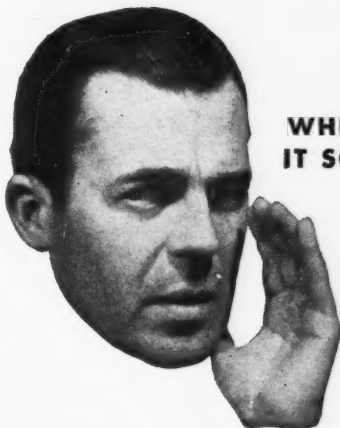
WHY it is that statesmen like Woodrow Wilson and Asquith and Disraeli, overburdened with official administration, should sit at their desks, day by day, and write long letters to distant ladies, merely as a relief to their feelings, has always been something of a mystery. For many years, Edith Gittings Reid was thus included in Woodrow Wilson's personal correspondence. With the approval of his family, she now offers this study of his personality. The Woodrow Wilson here presented—sensitive, masterful and liberal—is the Woodrow Wilson with whose portraiture we have been familiar. But, the presentation is intimate, and the biography, clear and concise, is so written as to be a delight to read. The chapter that has interested us most deals with Wilson as a professor at Princeton—his anxious molding of the literary style that became so characteristic of his mind—the dynamic egotism that drove him to brood over a destiny still to be unfolded. We do not quite know what "caricature" has been obliterated, what "myth" dispelled. But it is made obvious that Wilson was by no means the impossible idealist sometimes described. On the contrary, he was a brilliant and accomplished man of affairs. Over the controversies that arose during his Presidency, there is but one thing to be said. He was a progressive in a world rent by the reactions of war.

P. W. W.

Our Farm Policy

AMERICAN FARM POLICY. By Wilson Gee. New York: W. W. Norton & Co., Inc., 1934. \$1.50.

ANY one who expects to find a solution of the farm problem in this book will be disappointed. Professor Gee's contribution lies in his succinct review of our agricultural policy—or lack of policy—since the World War. Most of the fundamental fac-



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tors in the farmer's plight have now become common knowledge, however much they may have been misunderstood in the Twenties by both the American people and the men at the controls in Washington. Writing with the advantage of hindsight, the author reviews the miserably inadequate measures for farm relief adopted during the days of Republican rule, and then passes to the far-reaching, more realistic policies inaugurated by the Roosevelt administration. But of the AAA and its companions, Professor Gee is not sure, for most of their remedies do not stand the test of sound economics or sociology. What then is the way out? Vaguely, something in the nature of planning, something based on a "policy of well considered experimentation according to the principle of holding fast to that which has been demonstrated to be good and making it better as we can."

E. FRANCIS BROWN.

A Handbook of Political "Isms"

RECENT POLITICAL THOUGHT. By Francis W. Coker. New York: D. Appleton-Century Company. \$4.

THIS latest addition to the Century Political Science Series by the Cowles Professor of Government at Yale arrives at a particularly opportune moment. A survey of dominant political ideas, as set forth in theoretical writings and active social movements during the last eighty years or so, it provides in an impartial and scholarly manner all the essential facts about all the "isms" that now trouble or inspire men and women throughout the world. They are all here, from the beginnings of Marxism and anarchism right up to the present moment, when we are debating what we believe are the respective merits of dictatorship and democracy and asking how much longer fascism can last. Professor Coker has successfully provided the kind of handbook that will be equally useful in the class-room, in the editorial sanctum and on the soap-box.

AUSTIN HAY.

Fascism for America?

DO WE WANT FASCISM? By Carmen Haider. New York: John Day Company, 1934. \$2.

THIS book consists of two parts. First, we have a simple and direct answer to the question why Fascists in Italy believe in fascism and why Nazis in Germany are Nazis. The value of this explanation lies in the fact that it shows the Fascists and the Nazis not as others see them but as they see themselves. Secondly, we have an inquiry into the very interesting question whether, as a result of "the paradox of depression in a world of plenty," we must anticipate fascism in the United States. Miss Haider has traveled over the country and is evidently convinced that such a possibility has to be taken seriously. "It would be an error," she says "to regard these speculations as far-fetched," and she instances the activities of the Silver Shirts and the Blue Shirts,

Continued on Page VII



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the White Crusaders and the Khaki Shirts, and even the American Legion. "Philip La Follette, Governor of Wisconsin," she adds cheerfully, "is sometimes mentioned as a possible head of a Fascist movement," and she adds "Senators, liberal writers, scientists, Socialists, former Communists who were expelled by their party, and the technocrats," not forgetting Mayor La Guardia, to the ingredients of a new party in which the discontented farmers would provide the backbone.

"In the long run," Miss Haider admits, "depressions and war come about under fascism" which she condemns as a form of the capitalism that leads to these evils. Her contention is, however, that, in the short run, "fascism in the United States might witness a new period of prosperity for all sections of the people." The book is to be interpreted, perhaps, as a pertinent, if unintentional, argument in favor of the New Deal, the success of which would, presumably, forestall the demand for what Miss Haider calls "a different system." P. W. W.

Crisis Government

CRISIS GOVERNMENT. By Lindsay Rogers. New York: W. W. Norton, 1934. \$1.75.

THE solar system, being a system, is accountable to chronology, and the planets in their orbits are punctual. What Professor Rogers has had to describe is a solar system in which Mars has run amuck and, as a stray comet, collided with the Saturns and the Jupiters and even with the world itself. Crisis government is chaos government. Constitutions, whatever they be, royalist or republican, collapse before *coups d'etat*. The panorama of kaleidoscopic pandemonium is broadly and carefully surveyed, and the general conclusion appears to be that Mussolini is no permanent substitute for Magna Carta, and that brown and black and blue shirts solve no problems by making bonfires of Burke and Blackstone. The very reason why dictators suppress public opinion is that, failing to achieve adequate results, they fear it. In the English-speaking world, dictatorship, in so far as it is needed at all, can be provided within the framework of representative institutions, which, however, should be subjected, so Professor Rogers maintains, to "considerable revamping." This book is sane and solid, not sensational. It expresses the wholesome inertia within a well-informed mind which refuses to be stampeded into the madcap march of the Mosleyite marionettes. P. W. W.

Marxism Made Easy

WHAT MARX REALLY MEANT. By G. D. H. Cole. New York: Alfred A. Knopf, 1934. \$2.

THE teachings of Marx have become so much a part of the thinking of our age that we seldom recognize the fact. Analyses of the contradictions of capitalism fall from the lips of enlightened industrialists who would be the

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